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Daily Report

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General

UN Discloses Aid Plan for Flooded Provinces

OW0208083291 Beijing XINHUA Domestic Service
in Chinese 1434 GMT 31 Jul 91

[Text] Beijing, 31 Jul (XINHUA)—At a press briefing held today, UN organs with offices in Beijing disclosed a specific plan for allocating as emergency aid and disaster relief to flooded areas in China more than \$7.244 million provided by organizations affiliated with the United Nations.

According to the plan, the three provinces of Anhui, Jiangsu, and Henan will receive \$4 million, \$2 million, and \$1.3 million, respectively, in emergency flood disaster aid. Every province will spend 80 percent of its allocated amount of aid on purchasing building materials for temporary shelters and housing accommodations, 10 percent on purchasing medicines and potable water purification equipment, and the remaining 10 percent to meet the needs of any emergency.

The plan was drawn up during a meeting held by the Disaster Relief and Aid Department of the Ministry of Civil Affairs with Essaied, representative of the UN deputy secretary general and director of the (Disaster Relief Department) of the United Nations, and (Mai-shou-xin) [7796 1343 0207, name as published], deputy representative of the office of the UN Development Program in China.

Essaied visited Anhui and Jiangsu Provinces to conduct an on-the-spot survey of the situation of the flooded areas in the two provinces from 24 to 29 July. At a meeting of donors held today, he said he was shocked by the difficulties encountered by victims in the flooded areas of the five counties in which he was making a survey tour. Flood disaster areas are still in need of a large amount of aid. Essaied disclosed that the aid allocation work conducted this time is scheduled to be completed in two weeks.

Greater Cooperation With UNDP Promoted

OW0508083391 Beijing XINHUA in English
0733 GMT 5 Aug 91

[Text] Dalian, August 5 (XINHUA)—China has been highly successful over the past decade in efforts to promote cooperation with the United Nations Development Program (UNDP).

Xu Pengfei, director of the China International Economic and Technical Exchange Center which is under the Ministry of Foreign Economic Relations and Trade, said recently that since 1982 China has completed two five-year cooperation programs with UNDP.

The two UNDP programs provided China with financial aid of 255.1 million U.S. dollars for 378 cooperative projects.

The funds were used to open some 100 professional research and training centers designed to allow China to absorb and develop new technology.

In addition, over 5,000 technical and management personnel were sent abroad for training or to conduct inspection tours.

The UNDP aid also helped China invite over 7,000 foreign experts to work in cooperative projects.

In addition, the funds have been used to import equipment, including meteorological satellite ground receivers, valued at over 90 million U.S. dollars.

China has also developed cotton, soybean, vegetable and fruit tree cultivation centers with the UNDP aid. The centers have allowed the country to develop improved seed strains which have provided several billion yuan in economic returns.

China-UNDP cooperation has also promoted South-South cooperation. The two sides have jointly established a number of regional research and training centers in many areas, including biogas, acupuncture, hydro-electricity, public health care, fresh water fish breeding, sericulture, vegetables and telecommunications.

Some 88 training courses and seminars sponsored by the two sides have attracted over 2,000 participants from a number of developing countries.

China also sent a group of professionals to training programs in other developing countries.

WFP Official Inspects Gansu Irrigation Sites

OW0508083291 Beijing XINHUA in English
0750 GMT 5 Aug 91

[Text] Lanzhou, August 5 (XINHUA)—"Ten years ago, this was a wasteland, and it has now been transformed into farmland which is covered by trees," said an official of the World Food Program (WFP).

Philippa Tevver Nicolas made the remarks during a visit to Xingbaochuan, Jingyuan County, a project in northwest China's Gansu Province which was supported by the WFP.

Nicolas led a WFP mission on an inspection tour of WFP-funded irrigation projects in Jingyuan and Jingtai Counties in Gansu, between July 7-16.

The WFP provided 61,630 tons of wheat and other materials to support the construction of two irrigation projects in Xingbaochuan and Liuchuan, Jingyuan County. The two projects, one of which was completed in 1987 and the other in 1988, provided irrigation for over 39,333 hectares of farmland.

The projects have also helped the region's over 62,000 farmers to increase grain production from 450 kilograms to 4,260 kilograms per hectare, and per capita production from near 100 to 432 kilograms.

Since the projects were initiated, more than 55,000 farmers have been immigrated to the area from the country's poverty-stricken areas.

The WFP will provide an additional 100,000 tons of wheat and materials to help Gansu develop irrigation, water-supply systems, and land improvement program in Jingtai County.

Jia Zhijie, the governor of Gansu Province, told the WFP mission that the aid provided by the organization has greatly improved the living conditions of local farmers, and has achieved good economic results. "The people of Gansu will never forget the help provided by the WFP," said Jia.

Delegate Attends Conference on Bering Sea

*OW0208202791 Beijing XINHUA in English
1531 GMT 2 Aug 91*

[Text] Tokyo, August 2 (XINHUA)—The second inter-government conference on fisheries in the international waters of the Bering Sea ended here today, reaffirming the need to take urgent conservation measures for the living marine resources of the area.

About 80 delegates from the United States, the Soviet Union, Japan, China, South Korea and Poland attended the three-day conference. They noted that the pollock catch in the area has undergone a gradual decline.

A joint press statement, issued at the end of the meeting, said, "each delegation identified its plans to develop and implement on an interim basis monitoring of fishing operations in the area, including the use of scientific observers, inspectors, and real-time satellite tracking devices (transmitters). However, no common agreement was reached in this regard."

The participants agreed to meet again in November this year in Anchorage, Alaska, to continue their discussions on both long-term conservation and management measures as well as urgent interim measures in the area beginning January 1, 1992.

Speaking at the conference today, Jia Jiansan, the head of Chinese delegation said China constantly attaches great attention to the conservation, management as well as the rational use of the living marine resources of the international waters of the Bering Sea.

"As a Pacific coastal country, China hopes to cooperate with other countries in this matter under the principle of common-use, common-preservation and management on the basis of equal footing of each country concerned," he stated.

The Chinese delegate stressed that based on the principles of spirits of the United Nations convention on the Law of the Sea, various countries concerned should seek a reasonable solution through their mutual understanding, equal participating and friendly consulting."

The first conference on the conservation and management of the living marine resources of the Bering Sea was held in Washington on February 19-21 this year.

XINHUA Reviews Week in International Affairs

*OW0408171091 Beijing XINHUA Domestic Service
in Chinese 0201 GMT 4 Aug 91*

[By reporter Jia Zhiping (6328 1807 1627) and Zhang Zhongyi (1728 1813 5030)]

[Text] Beijing, 4 August (XINHUA)—

U.S. President Bush Makes First Visit to Moscow

U.S. President Bush made his first official visit to Moscow from 29 July to 1 August at the invitation of Soviet President Gorbachev. The two leaders signed the Soviet-U.S. Strategic Arms Reduction Treaty (START) after nine long years of dispute and held discussions on bilateral economic ties, as well as some international issues.

The Soviet-U.S. summit was originally scheduled to be held in Moscow this February; however, it was postponed because of the Gulf war and differences between the Soviet Union and the United States on the START treaty.

Gorbachev and Bush signed the Strategic Arms Reduction Treaty on 31 July. According to the treaty, seven years after the treaty takes effect, the Soviet Union and the United States shall each have reduced their offensive strategic weapons by about 30 percent, and each side's total number of land-based intercontinental guided missiles, submarine guided missiles, and heavy-duty bombers shall then not exceed 1,600 and carry no more than 6,000 nuclear warheads.

The issue of bilateral economic ties was also a major topic of the summit. The Soviet Union is currently making the transition to a market economy and as such is hoping to obtain all-out support from Western nations in order to tide over the present economic crisis. Bush indicated that the United States plans to assist the Soviet Union in reforming its economic system and to support the integration of the Soviet Union into the world economy; however, the success of this process is primarily dependent on the Soviet Union's "democratic and market reform." During the meeting, Bush did not specifically promise the Soviet Union economic aid but only agreed to lift credit restriction on U.S. exports to the Soviet Union, to approve the bilateral trade agreement signed a year ago, and to grant the Soviet Union most-favored-nation trade status.

The two nations also issued three joint statements on 31 July elaborating their position on the situations in the Middle East, Central America, and Yugoslavia.

Gorbachev said that Bush's visit marks a new height in Soviet-U.S. friendly relations. Bush said: "The meeting signifies the end of the long years of Soviet-U.S. hostility

and the beginning of the establishment of a new partnership." However, differences between the two sides on certain issues and obstacles affecting the development of bilateral relations still exist. At a public speech in the Soviet Union, Bush clearly spelled out three conditions for development of U.S.-Soviet political and economic relations: return the four northern territories to Japan, grant "freedom" to the three Baltic states, and stop military aid to Cuba. Meanwhile, Gorbachev said that Soviet-U.S. economic relations are not on the same level as political dialogue and the Soviet Union's reform needs Western cooperation. He hoped that the West will eliminate obstacles set up during the "cold war" and the arms race.

South Pacific Forum Holds 22d Conference

The two-day 22d Conference of the South Pacific Forum was held from 29 to 30 July in Micronesia's capital, Ponape. Fifteen member countries of the organization participated in the conference. Seven dialogue partners, including China and the European Community, which recently became a dialogue partner, attended the post-forum dialogue session.

Discussions at the conference concentrated on issues pertaining to the South Pacific's economic development, security, and cooperation. The conference highly praised the series of achievements made by the South Pacific Forum in recent years, including the adoption of the South Pacific nuclear-free zone accord. It also called on South Pacific countries to cooperate closely in the future to jointly overcome economic problems. A press communique was released at the end of the conference. The communique expressed concern over economic problems faced by some member countries. It pointed out that the environmental protection issue is of utmost importance to the South Pacific, and, as such, the South Pacific Forum has decided to actively participate in preparatory work for the UN 1992 Environment and Development Conference. The press communique also stated that members of the South Pacific Forum are concerned about regional security and the situation in New Caledonia. It emphasized that in order to safeguard regional security, member countries should exchange information, hold talks, and carry out more effective regional cooperation, especially in anti-narcotics efforts.

The South Pacific Forum held a dialogue session with representatives of China, Canada, the United States, Japan, France, Britain, and the European Community on 1 August. In his speech at the session, Vice Foreign Minister Liu Huaqiu stressed that China wishes to establish new political relations based on mutual respect, complete trust, close cooperation, and mutual support, in addition to equitable and mutually beneficial economic ties with South Pacific countries. He stated that China will continue to support South Pacific countries' efforts and positive measures to safeguard their respective sovereignty and territorial integrity and to maintain regional and world peace as a whole. In his speech, Liu Huaqiu expressed satisfaction at the development of

China's friendly and cooperative relationship with South Pacific countries and the forum. He reiterated China's consistent position on the Taiwan issue.

During the conference, Bernard Dowiyogo, president of the Republic of Nauru; Rabbie Namaliu, premier of Papua New Guinea; Teatao Teannaki, president of the Republic of Kiribati; and Gareth Evens, foreign affairs and trade minister of Australia, met separately with Liu Huaqiu.

RENMIN RIBAO on U.S.-Soviet Summit

HK0508041491 Beijing RENMIN RIBAO in Chinese
4 Aug 91 p 6

["Roundup" by staff reporter Zhou Xiangguang (0719 6272 0342): "Changes in Soviet-U.S. Relations Seen From Moscow Summit"]

[Text] The Soviet-U.S. summit, which was postponed time and again, eventually took place in Moscow from 30 to 31 July. The presidents of the two countries signed a treaty on reducing offensive strategic weapons.

The treaty is a result of decade-long talks between the United States and the Soviet Union. It stipulates that both sides should reduce their offensive strategic arms by 30 percent, indicating that the Soviet Union and the United States have embarked on a new stage of practically eliminating their strategic nuclear weapons. However, both sides still have huge nuclear arsenals and they will not restrict production and steady increases in their nuclear weapons because of this treaty.

The summit, scheduled for early this year, was postponed because of the Gulf crisis and the complicated domestic situation in the Soviet Union. Nevertheless, both sides still wanted to hold a summit and sign a treaty on reducing strategic arms. The long-running arms race has seriously weakened the economies of both sides. To extricate itself from its grave crisis, the Soviet Union badly needs to improve its relations with the West so as to obtain Western support and aid. The Soviet Union particularly wants to obtain U.S. support and most-favored-nation [MFN] trade status. While establishing its "new international order" and handling hot regional issues and certain global problems, the United States in turn needed the support and cooperation of the Soviet Union. The United States has welcomed "plural politics," non-nationalization and privatization pursued by the Soviet Union, and expressed a willingness to offer help and support based on certain conditions. To meet the needs of the United States, the Soviet Union recently adopted a law on non-nationalization and a law allowing Soviet citizens to enter and leave the country freely. While meeting with G-7 heads of government in London, Gorbachev gave them an account of the orientation and measures of Soviet reform, obtaining a promise of "support" for Soviet reform. The presidents of the United States and the Soviet Union also reached

agreement on the outstanding problems of a treaty on reducing strategic weapons and decided on a date for the Moscow meeting.

Although signing the treaty on reducing strategic weapons was the climax, the summit was no longer focused on disarmament. The domestic situation in the Soviet Union was an important topic of the talks, which also involved bilateral relations and hot regional issues. Bush said: "In the two days of talks, progress has been made on developing U.S.-Soviet relations based on economic cooperation and mutual cooperation in the field of security rather than military confrontation." Bush also announced that the problem of offering MFN to the Soviet Union "has been settled." The United States will submit a U.S.-Soviet trade agreement to Congress for approval as quickly as possible. The two countries issued a joint statement on the Middle East, Yugoslavia, and Central America, and expressed their willingness to strengthen coordination. Both sides believed that the summit had set an outline for relations between the two countries in the future, terming such a relationship as a "new partnership." Despite repeated statements made offering aid for Soviet reform, the United States did not give any specific promises. In a speech addressed to various Soviet circles, Bush stressed that U.S. aid will be closely linked to "Soviet reform." It has been reported that Bush also emphasized differences with Moscow and set a "framework of restrictions on the Soviet Union" in the new U.S.-Soviet "relationship of partnership," which included suspending aid to Cuba, recognizing the independence of the three Baltic states, and returning four northern islands to Japan.

Apart from holding talks with President Gorbachev during his stay in the Soviet Union, Bush also met with Russian President Yeltsin alone, and held talks with the leaders of the Ukraine in Kiev. These moves have evoked various comments from the U.S. press. They believe that the Soviet Union is now undergoing a redistribution of powers which includes external policies. A U.S. commentator said: "Our relations with the Soviet Union will be more complicated in the future than during the 'cold war' period."

Outcome of G-7 Summit Assessed

OW0208225791 Beijing BEIJING REVIEW in English
No 30, 29 Jul-4 Aug 91 pp 8-9

[Article by Zhong Xin: "Soviets Gain Little at G-7 Summit"]

[Text] The leaders of the world's seven major industrial countries (Group of Seven) agreed to grant some technical assistance to the Soviet Union. But, as expected, no large sums of money were dispensed.

The package reflected the G-7's desire to encourage President Mikhail Gorbachev to continue perestroika, economic and democratic reform. The G-7 also fears that cash given now could be wasted or used to prop up the old-style Soviet economic system.

Another reason for the G-7 to act so prudently was the plight of the Western economies. Beginning last year, Western economies, headed by the United States, have been sliding in a recession.

This year's summit meeting of the G-7 concluded on July 17 in London with an apparent difference from previous summits—Soviet President Mikhail Gorbachev was added to the picture.

It is the first time that a Soviet president has been invited to meet the G-7 leaders immediately after their summit. This fact testifies to the Soviets' desire to participate in the G-7 club and in global economic and political affairs and to the West's willingness to support Gorbachev in order to maintain co-operative relations with Moscow.

Gorbachev's presence added a strong political touch to the annual summit meeting of the seven industrial nations—the United States, Canada, Japan, Germany, Britain, France and Italy. The question whether or not to provide financial assistance to Moscow was one of the central topics at the summit.

After the summit meeting was over, Gorbachev met with leaders of the seven nations and briefed them on Soviet plans for further economic and political reforms.

In a joint press conference, Gorbachev said he had not discussed assistance to his country but discussed how to make the Soviet Union an integral part of the world economy. He said his country would overcome the current difficulties irrespective of whether the West provides aid or not.

British Prime Minister John Major, who was the host of the G-7 summit meeting, said that although outside assistance could contribute in some way, it was the Soviet Union itself which the Soviets must rely on.

Under a six-point agreement an aid package programme was adopted at the summit, including special status for the Soviet Union at the International Monetary Fund, promotion of trade, technical assistance on energy and switching defence plans to civilian use.

A final communique issued by the G-7 expressed concern over the deterioration of the Soviet economy, saying that it creates severe hardship for all the countries of Central and Eastern Europe.

"We support the moves toward political and economic transformation in the Soviet Union and are ready to assist its integration into the world economy," the document said.

The G-7's economic declaration said that monetary and fiscal disciplines were needed and that Moscow must act to create the fundamentals of a market economy. The communique also said that economic and political reforms depended on clear definitions of the respective responsibilities of the Soviet Union's central government and its republics.

The communique mentioned the importance of shifting Soviet resources from military to civilian use.

The participation by the Soviet Union in the G-7 summit has been discussed for quite a long time. When the G-7 gathered in July 1989 in Paris, Gorbachev wrote to the host of that meeting, French President Francois Mitterrand, saying that the Soviet Union wanted to have "constructive dialogues" with G-7 leaders concerning economic cooperation. However, the Soviet request at that time was turned down.

At last year's Houston summit, the Soviet request was again rejected because the seven countries, citing the excuse that "Soviet reforms until now have not gone far enough," held diversified positions on the matter.

In May this year, while visiting the United States, Gorbachev's special envoy Yevgeniy Primakov discussed with President George Bush Gorbachev's possible participation in the London G-7 meeting. After consulting with other leaders, John Major on June 13 officially extended a formal invitation to Gorbachev to be a guest of the London summit.

At a news conference on July 12, Gorbachev, in response to allegations that his main goal in London was to seek Western aid, said he was not going to London to kneel down and beg for aid from the seven wealthiest Western nations.

The final communique also mentioned the Uruguay Round of world trade talks. "No issue has more far-reaching implications for the future prospects of the world economy than the successful conclusion of the Uruguay Round," it said.

The communique committed G-7 members to policies that would lead to lower interest rates. Cheap money would help stimulate business activity and trade. It said the seven favoured close co-operation on foreign exchange markets and working to improve the function of the international monetary system. It also covered a range of other issues, including aid to famine-plagued African countries and support for freer trade. But the leaders said they had to work harder to resolve their differences on trade issues.

United States & Canada

Postal, Telecommunications Group Ends U.S. Visit

OW0508055491 Beijing XINHUA Domestic Service in Chinese 1500 GMT 4 Jul 91

[Text] Washington, 4 Jul (XINHUA)—A Chinese postal and telecommunications delegation led by Zhu Gaofeng, vice minister of posts and telecommunications for China, left Washington D.C. today for home, after holding consultations with the United States side on further developing Sino-U.S. cooperative relations in posts and telecommunications.

Zhu Gaofeng arrived in the United States for a visit on 21 July. During his visit, he signed a letter of intention to extend the agreement between China and the United States on cooperation in posts and telecommunications science and technology, and also attended the ceremony to officially open a second telephone link between China and the United States.

Zhu Gaofeng also signed separate agreements with several U. S. telephone and telecommunications companies on establishing a third telephone link between China and the United States. The China Post and Telecommunications Industry Corporation had reached an accord on the joint production of telecommunications equipment and facilities, and on the transfer of technology with a U. S. telecommunication and telegraph company and the Motorola Corporation.

Zhu Gaofeng also discussed with the U.S. Telephone and Telegraph Company issues concerning the establishment of submarine optic fiber cables between China, Japan and the United States.

Zhu Gaofeng said: Sino-U.S. cooperation in the postal and telecommunications industry not only further promotes the development of postal and telecommunications enterprises between the two nations, but also helps with the continuous improvement of Sino-U.S. bilateral relations.

Article Hails Deal With McDonnell-Douglas

OW0208234091 Beijing BEIJING REVIEW in English No 30, 29 Jul-4 Aug 91 pp 12-14

[Article by Li Ming: "MD and China Creating a New Tomorrow"]

[Text] Last April, the Chinese Ministry of Foreign Economic Relations and Trade approved an agreement for the joint development of four-wheel landing gears for the MD [McDonnell-Douglas]-90 airplane by the Shanghai Aircraft Manufacturing Plant and the McDonnell-Douglas Co. of the United States. This marked a major new co-operative venture for Sino-American aircraft industry following the joint assembly of MD-82 jumbo planes. The agreement is the basis for the joint development of trunk route airplanes in the 1990s. Prior to this, the two sides jointly assembled 22 passenger planes. The remaining three of a batch of 25 will be commissioned for service in the China Civil Aviation Co. in August. By working together, a senior manager of the American company noted, McDonnell-Douglas and China are creating a new tomorrow.

The First To Arrive

When China's door finally was opened to the outside world in the late 1970s, foreign investors discovered a potentially enormous market, a market where aircraft design and manufacture were almost non-existent. The possibilities cast a spell on them.

Among the new-comers to China were the Boeing and McDonnell-Douglas companies of the United States. Although both companies had a strong interest in developing co-operative ventures with China, McDonnell-Douglas beat all rivals because of its flexibility and sincerity, becoming in the process China's only partner in the joint production of jumbo passenger planes.

McDonnell-Douglas began to cast an eye on the China market as early as 1975. That year, it delivered a written proposal for the joint production of MD-80 aircraft to the Chinese Government. However, as the "Cultural Revolution" begun in 1966 didn't end until a year later, the proposal was shelved.

The initial failure did not stop McDonnell-Douglas. It later proposed in 1979 the joint production of its newest model, the MD-80. The company's vice-president led a group of specialists to the Shanghai Aircraft Manufacturing Plant, where they were briefed on the factory's development of China's first passenger plane, the Yun-10. They also investigated the production capacity, production costs and other related matters concerning aircraft production. The investigation reinforced the US company's confidence that the Shanghai plant was technically strong enough to assemble the entire aircraft, had the potential to produce wings and large parts and would have a comprehensive production capacity in five years. They decided to join with the factory in a co-operative project.

McDonnell-Douglas flew its test balloon in October 1979 during negotiations with China by asking the Shanghai factory to process 100 landing gear cabins for MD-80 aircraft. The Shanghai factory completed the consignment in February 1981. With product quality up to standard, McDonnell-Douglas issued a test-free certificate for the landing gear cabins. Following this, the Shanghai factory completed another satisfactory consignment of front landing gear cabins for MD-80 aircraft. The initial production success paved the way for future co-operation.

On March 31, 1985, the General Agreement on the Joint Production of MD-82 and Associated Planes, the Joint Development of Advanced Feeder Line Planes and Compensation Trade was officially signed in Shanghai. The general agreement had the following five major contents.

- The transfer of technology and of the production licence for the assembly of 25 MD-82 planes;
- China's purchase of 15 planes;
- The joint development of next-generation commercial planes;
- Conducting compensation trade at a rate of 30 percent and counter trade to reduce China's foreign exchange expenditure; and
- The transfer of a management system and the training of Chinese managers.

The signing and implementation of this general agreement turned McDonnell-Douglas into China's first production partner for passenger planes and made it possible for the company to expand, for the first time, its production of large passenger planes from the United States to a foreign country.

Successful Co-operation

The successful Sino-American production of MD planes lay in mutual benefits which both sides received. For the American side, the co-operation is an "open sesame" to the China market and will result in the sale of 25 MD-85 planes. For China, the planes were available at low cost and, moreover, the co-operation offered a chance to study advanced technology and managerial expertise as well as to gain the experience needed for international co-operation.

McDonnell-Douglas is a sincere and co-operative partner with China. From the very beginning, it offered the Chinese side blueprints for the manufacture of entire planes in the Shanghai factory as well as management process. Later, in accordance with China's concrete situation, the U.S. company and the Shanghai factory jointly worked out a new process on the basis of McDonnell-Douglas's management system and trained 200 Chinese workers at McDonnell-Douglas's Long Beach base. All of the workers trained received qualification certificates.

In the Shanghai factory, this reporter met Jorge A. Prado, the FAA [Federal Aviation Administration] designated manufacturing inspection representative. Jorge, married to a Chinese woman who speaks fluent English, was about to leave China for the United States. He spoke highly of the MD-Shanghai co-operation, saying that the success of the project was the direct result of bipartisan work for a common goal. "The Chinese workers and technicians are of high quality," he said. "Through these initial years of co-operation, they have been able to master McDonnell-Douglas' production technology and management processes, and even surpass us in some fields."

The successful co-operation has yielded tangible results. According to Wu Zuoquan, director of the Shanghai Aircraft Manufacturing Plant, his factory assembled two MD-82 passenger planes in 1987, four in 1988, seven in 1989, seven in 1990 and two of a scheduled five this year. The 22 MD-82 passenger planes which have been put into service now serve 65 international and domestic routes. They have flown 70,000 hours in all and taken off and landed 50,000 times. There have been no major problems. The Shanghai factory now has the annual assembly capacity for 14 MD-82 jumbo passenger planes.

FAA Confirmation

The U.S. Federal Aviation Administration made a comprehensive survey of the Shanghai Aircraft Manufacturing Plant beginning in April 1986. If the FAA, the

most authoritative aircraft inspection organ in the world, did not issue a certificate to the MD-82 planes jointly produced by the Shanghai factory and McDonnell, they would not be allowed to fly outside China.

As the Shanghai factory had difficulties adapting to the management mode and processes of McDonnell-Douglas, the FAA found that only 88 of the required 588 processes had been set up and, after a seven-day inspection, the agency announced a suspension of the inspection.

The FAA decision meant the termination of the joint production contract, an action which would bring immeasurable economic losses to the Shanghai factory because it had already paid in advance for the purchase of bulk parts for 25 MD-82s. Even more important, China's plan to produce jumbo planes would have to be put on the shelf.

In order to turn the tide and earn the production licence, McDonnell-Douglas and the Shanghai factory set up 13 special groups, formulated 1,414 rules for reorganization and improvement and conducted evaluation and improvement in 16 fields including quality control, technical data, manufacturing techniques, damage testing, disqualification examination and storage.

After another round of strict inspection, on November 7, 1987, the FAA did issue the MD-Shanghai factory its first licence for the production of Aircraft outside the United States, thus turning the Chinese city into the company's fourth jumbo aircraft manufacturing base after Seattle, Los Angeles and Toulouse, France.

When James Connelly and Patrick Dyioy from FAA paid a one-week inspection visit to the Shanghai factory between April 20 and 26, the tenth of its kind since 1986, they expressed satisfaction with the high-level of Sino-American co-operation. For a New Tomorrow

McDonnell-Douglas speaks highly of the co-operation and production capacity of its Chinese partner. In March 1990, the company signed a contract with the Shanghai factory for the joint production of 20 more MD-82s, including ten officially ordered and ten intentionally ordered. Of the officially ordered ten planes, five will be resold to the United States. Thus, a new round of co-operation has begun.

During the Fourth Session of the Seventh National People's Congress in April 1991, the secretariat received a motion for trunk air route development in the 1990s. It was signed by some 130 deputies, more than any other motion brought to the session. The development blueprint has now been incorporated into the Eighth Five-Year Plan (1991-95). As McDonnell-Douglas continues to prove itself a successful partner in aircraft production, China will invite it to join the new aircraft programme, creating with China a more beautiful tomorrow.

Zhang Zhenzhong, president of the Asian-Pacific Branch of McDonnell-Douglas, has full confidence in the future

and said that McDonnell-Douglas plans to upgrade its joint production with the Shanghai factory to the level of a joint venture. Of the 150 MD-82s to be produced with other countries in the form of joint venture, more than 50 percent of the work will be done in China. In addition, 50 percent of the parts or MD assembly lines in the United States will be turned out in Shanghai, Xian, Chengdu and Shenyang.

Mr. Zhang highlighted the fact that McDonnell-Douglas does not have a time limit on its co-operation with China. Open-ended co-operation not only helps China raise the overall level of its aircraft industry and meets the need of the Chinese market, but also helps McDonnell-Douglas further reduce its production costs, thus enhancing its competitiveness in the international market.

President Bush Back From Moscow Visit, Summit

OW02/8134691 Beijing XINHUA in English
0351 GMT 2 Aug 91

[Text] Washington, August 1 (XINHUA)—U.S. President George Bush returned here tonight after finishing his fourth summit with Soviet President Mikhail Gorbachev.

During the two-day summit in Moscow, the two leaders signed the Strategic Arms Reduction Treaty (START), under which the two sides will cut back their long-range nuclear arsenals by 30 percent.

The two leaders had talks for more than eight hours to discuss issues concerning U.S.-Soviet cooperation on settlement to regional conflicts in Yugoslavia, Middle East and Central America, nonproliferation of nuclear technology, and ways to bring the Soviet economy into the international economic mainstream as well as development of the political, social and ethnic problems in the Soviet Union.

According to press reports in the past days, both Bush and Gorbachev seemed satisfied with the summit as Gorbachev said at the departure ceremony that Bush's trip to the Soviet Union "has added another floor to the new structure of friendly relations" between the two countries, and Bush echoed with a statement that "after decades of mistrust and separation ... many shared values now unite us."

While in Moscow, Bush also promised to send the U.S.-Soviet trade agreement to the Congress for approval at an earliest date possible so as to pave the way for granting the Soviet Union the most-favored-nation trade status.

In terms of immediate results of the summit, the two sides have agreed to jointly promote a peace conference on the Middle East and cooperation on space research.

Bush also spent some time today in Kiev, capital of the Soviet Ukraine Republic, where he made a speech to call on the Soviet republics to advance their movement for

"freedom, democracy and economy liberty" instead of an immediate independence from the Soviet Union.

Bush arrived in Moscow on July 29 and left Kiev for Washington today.

Announces Cyprus Talks Accord

OW0208202091 Beijing XINHUA in English
1855 GMT 2 Aug 91

[Text] Washington, August 2 (XINHUA)—U.S. President George Bush announced today Greece and Turkey had agreed to attend a conference in September in the United States to discuss their differences over the island of Cyprus, if there is adequate progress.

At a White House press conference a day after returning from his summit with Soviet President Mikhail Gorbachev in Moscow, Bush said, "Greece and Turkey have agreed to attend a meeting concerning Cyprus."

"This meeting would be well prepared and both convened and chaired by the United Nations secretary general under his Security Council mandate," Bush said.

"Greek and Turkish leaders will work in support of the secretary general's efforts in advance of the meeting, planned for September in the United States, provided that adequate progress is made narrowing differences before then," Bush said.

During his recent trip, Bush encouraged both Greek Prime Minister Konstandinos Mitsotakis and Turkish President Turgut Ozal to negotiate an end to the bitter dispute over Cyprus.

Cites Gorbachev

OW0208212191 Beijing XINHUA in English
2022 GMT 2 Aug 91

[Text] Washington, August 2 (XINHUA)—U.S. President George Bush said today Soviet President Mikhail Gorbachev hoped that it wouldn't be necessary to resume use of force against Iraq to force it to comply with U.N. resolutions.

At a White House press conference a day after returning from the U.S.-Soviet summit in Moscow, Bush said during his talks with Gorbachev on that issue, Gorbachev expressed his hope that "that wouldn't even be necessary ... Iraq would comply" with the U.N. resolutions.

"The Soviets are as interested as anybody else in seeing Iraq comply fully with the United Nations resolutions," Bush said.

But Gorbachev didn't say anything when Bush stressed the need to change Iraq's leadership, Bush said.

The United States will not normalize its relations with Iraq as long as President Saddam Husayn is in power, Bush said. "What we do is keep pressing (Iraq) for full implementation of these (U.N.) resolutions," he added.

Bush also urged Israel and the Palestinians to resolve their disputes over representation at a Middle East peace conference the United States and the Soviet Union hoped to convene in October.

"I call upon Israel and the Palestinians to clear away remaining obstacles and seize this truly historic opportunity for peace," he said. "We do not want to miss this opportunity for peace."

But Bush said this was not time for the United States to go into the contentious issue of who will represent the Palestinians at the peace conference, only saying "what we have to do now is be this catalyst to get people talking."

As for Cuba, Bush said he had told Gorbachev the Soviet Union would get even more cooperation from the United States if it eliminated its support to Cuba.

The Soviets replied, Bush said, that they had significantly reduced their contributions to Cuba.

About Japan's four northern islands that the Japanese Government has been asking the Soviet Union to return, Bush said during his talks with Gorbachev, he had urged the Soviets to return the islands to Japan.

"It was raised publicly and privately," he said. "I was saying that we support the Japanese position, and I think he understands that."

But Bush said he did not push Gorbachev for some answer.

U.S. Senate Endorses New Air Strikes on Iraq

OW0308082391 Beijing XINHUA in English
0305 GMT 03 Aug 91

[Text] Washington, August 2 (XINHUA)—U.S. Senate today endorsed renewed air strikes on Iraq if it fails to report all of its nuclear programs.

The vote came with 97 to 2 to an amendment to the 291-billion-dollar Pentagon budget bill.

The amendment was offered by Senate Republican leader Robert Dole, who noted Iraq's reluctance to provide details about its nuclear programs.

Sen. Dole said the amendment tells Iraqi President Saddam Husayn "in the loudest and clearest possible terms: ... unless you ... act now, to acknowledge and eliminate your chemical, biological and nuclear weapons programs, we, the United States, the President and the Congress working together, will do the job for you."

The vote gave President Bush authority to launch bombing missions with planes still in Saudi Arabia, including the F-117 Stealth fighters, or from the aircraft carrier Lincoln, now nearby.

Bush had insisted that he have authority to resort to renewed air strikes on Iraq nuclear facilities if Iraq does not fully list its nuclear programs.

Soviet Union

Paper Says Gorbachev Proposal Changes CPSU

HK0208124291 Hong Kong AFP in English 1224 GMT 2 Aug 91

[Text] Beijing, Aug 2 (AFP)—A newspaper here worried Friday over the political evolution of the Soviet Union in China's first official comment since President Mikhail Gorbachev proposed to the Soviet Communist Party a break with Marxism.

Gorbachev proposed to his party's plenum last week that references to Marxist ideology be removed from the programme of the party, and that it be given a social-democratic orientation.

In the view of the Beijing Youth News, "the draft completely revised the nature of the Soviet Communist Party, (its) guiding ideology and guiding principles."

China, still strictly controlled by orthodox communist leaders, had previously avoided comment on the Soviet Union's political changes, limiting itself to expressing concerns over its former patron's serious economic difficulties.

But drawing on reports from this week's visit to Moscow of U.S. President George Bush, the Beijing Youth News said "it's very clear" that the main demand of the United States and other Western countries in return for economic aid to the Soviets is "political—that is, the Soviet Union must become a member of the Western camp."

Bush tried to "evaluate the status of reform in the Soviet Union so as to make further decisions on support to the Soviet Union," the newspaper said, adding that aid would not be forthcoming unless the Soviets "thoroughly carry out systematic reform."

The paper said Bush's "previously unimaginable" meeting with Gorbachev and his rival, Russian Federation President Boris Yeltsin, pointed out the "political strategy" of the U.S. President.

It also demonstrated that "the Soviet internal situation has undergone a fundamental change," the paper said.

Inner Mongolia Signs Pact With Kalmyk ASSR

SK0208143691 Hohhot NEIMENG GU RIBAO in Chinese 21 Jun p 1

[Text] The Inner Mongolia Autonomous Region formally signed an agreement on the exchange of science, culture, and education with the Kalmyk Autonomous Soviet Socialist Republic [KASSR] of the Soviet Union on the morning of 19 June. Wang Guoshi, director of the autonomous regional Foreign Affairs Office, and (Eldyni

Goriyayev), vice chairman of the KASSR Council of Ministers, signed the agreement.

The KASSR government delegation visited our region at the invitation of the autonomous regional people's government. Bu He, chairman of the autonomous regional people's government, received the Soviet delegation during its visit in the region. The delegation also held talks with Liu Zuohui, vice chairman of the autonomous regional people's government, and the leading personnel of the departments and bureaus concerned. During their talks, they exchanged opinions on contacts in the fields of science, culture, and education; on barter trade; and on economic and technical cooperation between the autonomous region and the Soviet autonomous republic. They also signed an agreement on exchanges and cooperation and letters of intent on five economic and technical cooperative projects.

The KASSR government delegation left the city of Hohhot for home on the evening of 19 June.

Defense Minister Praises START Treaty

OW0208141591 Beijing XINHUA in English 0212 GMT 2 Aug 91

[Text] Moscow, August 1 (XINHUA)—Soviet Defense Minister Dmitriy Yazov said the just-signed Strategic Weapons Reduction Treaty is "a document carefully weighed and sufficient to keep balance and ensure equality and security for both sides."

Yazov's comments came in an interview with Soviet newspaper IZVESTIYA which published them this evening.

What should be done for the next stage to ensure world security is to promote to a new level the Soviet Union's cooperation with the United States and other countries, Yazov said.

In Europe, he suggested setting up a permanent body similar to the Conference on Security and Cooperation in Europe (CSCE) with the conflict prevention as its main task.

The body, he explained, is aimed to help further reduce strategic weapons and conventional armaments, ban nuclear testing, and list naval forces into disarmament discussion.

Meanwhile, the defense minister also pointed out that important global issues should be resolved, referring in particular the issues related to the developing countries.

Efforts should be made to maintain stability in developing countries, to prevent and solve regional conflicts, to forestall the spread of nuclear weapons, missiles and other large scale destructive weapons and to restrict global arms sales, he added.

USSR, Bulgaria To Replace Old Friendship Pact*OW0208125191 Beijing XINHUA in English
1119 GMT 2 Aug 91*

[Text] Moscow, August 2 (XINHUA)—The Soviet Union and Bulgaria will replace their friendship and cooperation treaty, signed in 1967, with a new state-to-state treaty, said a joint statement of the foreign ministries of the two countries, released here today.

It said it is no longer necessary to renew the old treaty considering the "profound democratic reforms" in the two countries, and the "new reality" in Europe and other parts of the world.

The two countries would accelerate work on the new treaty on the basis of trust, equality, noninterference and mutual benefits, to avoid a period without a treaty in their relations, the statement said.

Soviet Spokesman Welcomes Mideast Peace Moves*OW0308042991 Beijing XINHUA in English
0143 GMT 3 Aug 91*

[Text] Moscow, August 2 (XINHUA)—The Soviet Union has expressed welcome to all parties concerned in the Middle East conflict for their moves toward the holding of the Middle East peace conference.

This was reported by TASS NEWS AGENCY quoting the Foreign Ministry spokesman today.

The spokesman said that Israel, after taking into consideration of various factors, accepted the Middle East conference sponsored by the Soviet Union and the United States. Israel, he said, has come to realize that it is necessary for the country to cease the establishing of new settlements in the occupied territory.

Talking about the attitude of the Palestinians toward the Middle East peace conference, the spokesman quoted the letters to the Soviet president and foreign minister by leaders of the Palestine Liberation Organization as saying "the Palestinians will take flexible stand, knowing well the importance of seizing the chance to promote the negotiation process in order to guarantee the lawful interests of the Palestinian people."

He disclosed that the Soviet Union has informed the United States of the attitude of the Palestinians in the recent summit talks in Moscow.

The spokesman stressed that Moscow considers it extremely important to seize the chance to hold bilateral and multilateral talks during the proposed conference.

USSR Offers India Su-37 Fighter Aircraft*OW0508070591 Beijing XINHUA in English
0626 GMT 5 Aug 91*

[Text] New Delhi, August 5 (XINHUA)—The Soviet Union has offered the latest fighter aircraft in its inventory, the Su-37, as an alternative to meet the Indian Air Force's light combat aircraft requirement.

The Su-37 was offered recently to India during the visit of Soviet Deputy Defense Minister and Commander-in-Chief of the Soviet Air Forces Y.I. Shaposhnikov, reported local press today.

According to Indian defense experts, the Su-37 is a brand new multi-role aircraft in the category of Mirage 2000 fighter, but much more capable in terms of war-load air defense and strike missions.

The Su-37, hitherto unknown to the outside world, is assessed to be a true multi-role aircraft, incorporating fourth generation power plant, avionics and weapons systems which give it a strike capability in all weathers, and retain performance attributes for interception and air defense.

Meanwhile, the Soviets have also offered the MiG-30, which is a developed version of the MiG-29 for multi-role purposes.

Indian defense experts said that the Indian Air Force has to replace 20-odd squadrons of MiG-21 fighter aircraft by the end of this decade.

Three Soviet Republics To Sign Union Treaty*OW0308050091 Beijing XINHUA in English
0228 GMT 3 Aug 91*

[Text] Moscow, August 2 (XINHUA)—President Mikhail Gorbachev said tonight in a televised speech that on August 20, Russia, Kazakhstan and Uzbekistan will be the first of the fifteen Soviet republics to sign the new union treaty.

"After a set period of time" it will be signed by the other republics that took an active part in drafting the treaty, the TASS NEWS AGENCY quoted Gorbachev as saying.

Nine of the 15 republics in the Soviet Union participated in writing the landmark document.

The new union treaty, if ratified, will replace the one written 1922 at the founding of the Soviet Union and will reshape the current union into a federation.

Gorbachev also said he is corresponding with the republics that boycotted the union treaty process in the hope they will carefully weigh their decision on what the president called "this vital matter."

According to TASS, Gorbachev believed this latest development will prompt the Ukraine, whose parliament

is to decide in the fall whether or not it will ratify the document, to complete its deliberations.

Meanwhile, a referendum on the accord will be held in Armenia and the Moldovan Republic is set to decide on the union treaty, Gorbachev said, adding the three Baltic republics of Latvia, Lithuania and Estonia will also determine their stance towards the new union.

"Thus, we are entering a decisive stage in the transformation of our multi-ethnic state into a democratic federation of equal, sovereign Soviet republics," Gorbachev said.

The Soviet president hailed the upcoming event as one that will simultaneously allow the coexistence of the current union structure as well as a federation of sovereign republics.

This will guarantee both the sovereignty of the republics on the one hand, and fulfillment by the union of its tasks on the other, he added.

The treaty will endorse the republics' rights to maintain diplomatic, consular, trade ties with foreign states, but this reshaped federation, Gorbachev stressed, is a successor to the Soviet Union and will remain a great world power.

"In brief, the treaty creates prerequisites for profound changes for the better in all spheres of social and state life, and one can expect that its positive effect will begin to make itself felt in the near future," Gorbachev concluded.

CPSU Condemns Founding of New Russian Party

OW0408023391 Beijing XINHUA in English
0218 GMT 4 Aug 91

[Text] Moscow, August 3 (XINHUA)—The Central Committee Secretariat of the Communist Party of the Soviet Union (CPSU) issued a statement today stressing that the Democratic Party of Russian Communists was not entitled to call an inaugural congress to launch the new party.

The statement said that the decision served as an action "to split in practice the ranks of the CPSU."

The heads of "the Communists for Democracy Group of the Russian Congress of People's Deputies" held an inaugural meeting here on Friday and Saturday to launch "the Democratic Party of Russian Communists." They even declared that they will establish cells of the new party within the Soviet Communist Party.

The CPSU statement, carried by the TASS NEWS AGENCY, said that the participants in the inaugural meeting had not been nominated or elected by the CPSU party organizations, and some of them were even not members of the CPSU. The founding of the party, which has a new name different from the Russian Communist Party and the CPSU, is against the party constitution,

because the CPSU party constitution forbids the existence of two parallel parties in a republic and a member retaining memberships in two parties.

The statement called on all the members of the CPSU to display their initiative to renovate CPSU within the existing organization structure.

Gorbachev Issues Emergency Economic Decree

OW0508043591 Beijing XINHUA in English
0118 GMT 5 Aug 91

[Text] Moscow, August 4 (XINHUA)—Soviet President Mikhail Gorbachev issued a decree today calling for emergency measures to increase production of consumer goods.

For the first half of 1991, the Soviet Union's gross national product declined by 10 percent, industrial production fell by 6.2 percent and national income levels dropped by 12 percent over the same period last year.

Due to the lack of raw material supplies, production of consumer goods went down by 4.5 percent, foodstuffs slid by 8.5 percent and light industry products were off by 10 percent.

The presidential decree called for republican governments and Soviet ministries take emergency measures to stabilize the production of food, medicine, light industry and building materials.

It also urged the union-republic committee of foreign exchange control and foreign economic ministry to see to it that foreign currencies that come in to the Soviet Union this year go first toward food, medicine and raw material purchases.

The decree suggested republican governments increase imports of food, raw materials for light industry and daily consumer goods.

Northeast Asia

Japan's Kaifu Previews 10 Aug Visit, Views Ties

OW0208172491 Beijing XINHUA in English
1635 GMT 2 Aug 91

[Text] Tokyo, August 2 (XINHUA)—Japanese Prime Minister Toshiki Kaifu indicated today that Japan and China had established solid friendly ties and called for further development of such relations.

Kaifu made the remarks in an interview with a group of Chinese correspondents based in Tokyo and a visiting Chinese journalist delegation prior to his scheduled visit to Beijing on August 10.

Friendly bilateral ties between Japan and China are of great significance not only to the two countries but also to the Asian and Pacific region, Kaifu said.

He said bilateral ties between the two countries have been developed and the two peoples have deepened mutual understanding since Japan and China normalized diplomatic relations in 1972.

Over the past few years, Kaifu noted, some problems existed in developing bilateral relations but had been overcome thanks to the joint efforts made by the two sides on the basis of the Japan-China Joint Declaration and Japan-China Friendship Treaty.

"Now, the two countries have established firm and solid friendly ties," he stressed.

Talking about his upcoming visit to China, Kaifu said he will frankly exchange views with Chinese Premier Li Peng and other Chinese leaders on how to boost the friendly bilateral ties on the basis of mutual-understanding when he is in Beijing.

The Japanese prime minister also spoke highly of China's reform and open-door policy. Japan has always done and will continue to do its utmost to support China's policy of opening to the outside world and modernization, he said.

In the interview, Kaifu also expressed his sympathy for the victims in China's flood-hit areas, saying he hopes the flood-stricken areas would be rebuilt as soon as possible.

Referring to Japan's role in world affairs, Kaifu said Asian countries should play positive roles in the international community.

As a country in Asia, Kaifu said, Japan is positively carrying out its "Asian diplomacy", not only enhancing cooperations with Asian countries in the fields of trade, economy, politics, but also making efforts to resolve the Cambodian issue and the problem on the Korean peninsula.

He said Japan and China should enhance cooperations for the formation of a multilateral cooperative system in the Asian and Pacific region.

The 1990s will be a period with dramatic changes, Kaifu said, under such situation, Japan and China should join hands to make efforts to resolve problems in the world community. [sentence as received]

Kaifu said relations between Japan and China will usher into a new stage when the two countries celebrate the 20th anniversary of the restoration of diplomatic relations.

On a possible visit to Beijing by Japanese Emperor Akihito, Kaifu said Japan will take into serious consideration if China extends invitation to the emperor.

Further Remarks Noted

OW0508093591 Beijing XINHUA in English
0919 GMT 5 Aug 91

[Text] Tokyo, August 5 (XINHUA)—Japanese Prime Minister Toshiki Kaifu told the opening of an extraordinary Diet (parliament) session today that he is determined to carry out political reforms.

In a policy speech given to the 61-day extra Diet session, Kaifu said he continues to regard reforms of the electoral system and political fund-raising rules as his "historic mission," and called for cooperation in passing a package of bills submitted to the Diet earlier in the day.

The legislation, which will change the country's electoral districts from three- to five-member constituencies to single-seat constituencies, has been hotly contested both by members of his ruling Liberal Democratic Party (LDP), as well as opposition parties.

Kaifu first pledged the reforms when he became prime minister in 1989 to help the LDP recover from a series of money and sex scandals.

In the half-hour speech, Kaifu said he regrets about the recent bank and brokerage scandals which have shaken the Japanese financial markets.

He urged those involved in a bank loan scandal with which the Japanese Finance Minister Ryutaro Hashimoto is linked to seriously reflect on their conduct.

Calling the brokerage scandal "deplorable," Kaifu told both houses of the Diet that he plans to submit legislation during the extra session that will prohibit brokerage houses from compensating clients who suffer stock market losses.

Commending the 17 securities firms which have voluntarily made public the lists of some 500 reimbursement-receiving clients, Kaifu said he will do his best to improve regulatory functions, and ensure that stock market trading is "fair."

The Diet is expected to set up special committees to pursue investigations on the financial scandal and deliberate on a bill allowing the participation of Japan's Self-Defense Forces (SDF) in UN peace keeping operations.

Kaifu expressed the hope that the bill will be finished in time by the parliament.

He reiterated his plan to call on the UN General Assembly next month along with other countries to establish a monitoring system to track the international arms trade.

Kaifu also appealed for public cooperation on bringing the global trade talks known as the Uruguay Round to a conclusion by the end of the year.

Turning to regional security, Kaifu hoped that his coming visit to China and Mongolia this month will help promote peace and prosperity in the Asian and Pacific region.

He also underlined the importance of promoting peace in Cambodia, and working for the end to tensions on the Korean Peninsula.

The Japanese prime minister also urged the Soviet Union to turn its attention to Asia, and help defuse tensions in the region by ending its four-decade-old dispute with Japan on the sovereignty over several small islands off Hokkaido.

Li Ruihuan Meets Japanese Delegation

OW0508034491 Beijing XINHUA in English
0305 GMT 5 Aug 91

[Text] Beijing, August 5 (XINHUA)—Li Ruihuan, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met here this morning with a delegation from the National Governors Association of Japan, led by Yuji Nishio, the governor of Tottori Prefecture.

At the request of his guests, Li provided a briefing on the current flood situation in China.

Li described the flooding as one China has seldom seen in many years. "We have publicized all aspects of the disaster, and have received a tremendous response from the international community," said Li.

Li went on to say that the assistance provided by the international community has not only consolidated friendship between the Chinese people and people throughout the world, but also provided impetus for increasing the confidence and morale of the victims in the flood-stricken areas in their efforts to fight the flooding and rebuild their homes.

He noted that the Chinese people will spare no effort to overcome any difficulties resulting from the disaster. According to Li, the people will proceed in the spirit of self-reliance and hard work, will summarize their experiences in a sincere manner, and will rebuild or repair water conservancy facilities, as well as effectively solve any problems caused by the rivers, lakes or seas.

Li thanked Nishio for his sincere expression of sympathy with the losses suffered by the Chinese people.

XINHUA has learned that the Japanese delegation donated 500,000 yen to flood relief effort.

Sun Pinghua, president of the China-Japan Friendship Association, also attended the meeting.

The Japanese guests arrived in Beijing August 3 at the invitation of the China-Japan Friendship Association.

CPC Delegation Departs on Visit to DPRK

OW0308114091 Beijing XINHUA in English
1020 GMT 03 Aug 91

[Text] Beijing, August 3 (XINHUA)—A cadres' delegation of the Chinese Communist Party (CPC) led by An Pingsheng, member of the CPC's Central Advisory Commission, left here this afternoon by air for a visit to the Democratic People's Republic of Korea.

The delegation has been invited by the Central Committee of the Workers' Party of Korea.

Zhu Shanqing, deputy chief the CPC's International Liaison Department, saw the delegation off at the airport.

Embassy in DPRK Hosts PLA Anniversary Banquet

SK0408121291 Beijing Radio Beijing in Korean
1100 GMT 1 Aug 91

[Text] On 31 July, Yin Guangtao, military attache of the Chinese Embassy in the DPRK, gave a banquet on the occasion of the 64th anniversary of the founding of the Chinese People's Liberation Army [PLA].

In his speech Yin Guangtao said that based on following and enhancing the revolutionary tradition by the [words indistinct] PLA, reform was successfully carried out, and great progress was made in modernization, standardization, and revolutionization work.

He continued to say that our Army resolutely supports various just proposals made by the Workers Party of Korea and government to achieve Korea's independent and peaceful reunification.

He said he believes the Korean people's just cause for the independent and peaceful reunification of the fatherland will be achieved without fail.

In his speech, General Kim Kwang-chin, deputy chief of the General Staff of the DPRK's Ministry of People's Armed Forces, said that during the Korean Fatherland Liberation War, the PLA fought shoulder to shoulder with the Korean People's Army and people to defeat the invaders and defend peace in Asia and the world. He said that as in the past, Korea will continue to treasure the traditional friendly relations between Korea and China and will make every effort to consolidate and develop this friendship.

Upon invitation, Colonel General Cho Myong-nok, commander of the Air Force of the Korean People's Army; Colonel General Chon Chae-son, chief of staff of [word indistinct]; and other military attaches from various countries in Pyongyang were present.

DPRK Ready To Discuss Nuclear-Free Zone

OW0208203391 Beijing XINHUA in English
1524 GMT 2 Aug 91

[Text] Pyongyang, August 2 (XINHUA)—The Democratic People's Republic of Korea (DPRK) is ready to

consult with the United States on the issue of building a nuclear-free zone on the Korean peninsula, a Foreign Ministry official said here today.

The official told the KOREAN CENTRAL NEWS AGENCY (KCNA) that DPRK and U.S. embassies in Beijing have contacted at a councillor level and that DPRK has presented its Foreign Ministry statement on the issue to the United States.

According to KCNA, the statement proposed building a nuclear-free zone through consultations between the two sides of the peninsula and under the guarantee by the United States, the Soviet Union and China.

The statement, in particular, demanded that the United States withdraw its nuclear weapons from South Korea.

The U.S. State Department was reported to have said Thursday that DPRK's statement and all its other proposals advanced before should be directly consulted between the two sides of the peninsula.

DPRK Welcomes U.S.-USSR START Treaty

*OW0508055391 Beijing XINHUA in English
0446 GMT 5 Aug 91*

[Text] Pyongyang, August 4 (XINHUA)—The signing of the Strategic Arms Reduction Treaty (START) is a "significant step" in the process of complete nuclear disarmament, a spokesman from the Foreign Ministry of the Democratic People's Republic of Korea (DPRK) said today.

The Korean Government expressed the hope that the signing of the treaty could "lead to the total elimination of nuclear weapons," the spokesman added.

According to the KOREAN CENTRAL NEWS AGENCY (KCNA), the spokesman said the signing of the START treaty once again created "objective possibilities" for making the Korean peninsula a nuclear-free zone.

He said that a large number of American nuclear weapons deployed in South Korea were a direct result of the nuclear confrontation between the United States and the Soviet Union.

With the START treaty signed, confrontation between the two superpowers has been relaxed, thus it is time to turn the Korean peninsula into a nuclear-free zone, the spokesman said.

He reaffirmed the DPRK's declaration that it was ready to make the Korean peninsula free of nuclear weapons.

The spokesman urged all parties concerned to take the opportunity of the signing of START to begin either bilateral or multilateral negotiations in a bid to create a nuclear-free zone on the peninsula.

In a declaration issued on July 30, the DPRK Foreign Ministry suggested that both parts of Korea open negotiations on a possible nuclear-free zone on the peninsula, and asked for international guarantees on the proposal from the United States, Soviet Union and China.

Kim Il-song Calls for Korean Reunification

*OW0508092891 Beijing XINHUA in English
0907 GMT 5 Aug 91*

[Text] Pyongyang August 5 (XINHUA)—President Kim Il-song of the Democratic People's Republic of Korea has called on the whole Korean people, whether living in the North, the South or overseas, to unite and struggle for national reunification.

Kim Il-song made the call on August 1 in his talks to leading officials of the Committee for the Peaceful Reunification of the Fatherland and members of the North side's headquarters of the Pan-Korean Alliance for National Reunification.

In his talks, the full text of which appeared today in the official newspaper NODONG SINMUN, Kim stressed that the reunification of Korea should be realised independently in a peaceful way and in this effort the great unity of the nation is a basic prerequisite.

Kim said to achieve the great unity of the nation, the compatriots of all strata, despite their differences in ideology, system and religious belief, should put the common interests of the nation above all others and make everything serve the cause of national reunification.

He urged the South Korean authorities to demolish the wall of national division and remove all the obstacles to free travel, contact and dialogue between compatriots in the North, the South and overseas.

The South Korean "National Security Law," he stressed, is a big stumbling block to realising free travel and contact and developing dialogue between the North and the South. In South Korea those who have visited the North or discussed reunification with people of the North or abroad are punished under the "National Security Law."

President Kim called on the Korean people to wage a vigorous struggle to force the U.S. troops out of South Korea together with their nuclear weapons and make the Korean peninsula a nuclear-free and peace zone.

Seoul Willing To Discuss Nuclear Issue

*OW0208144191 Beijing XINHUA in English
1303 GMT 2 Aug 91*

[Text] Pyongyang, August 2 (XINHUA)—South Korea said today it could discuss nuclear issue on the Korean peninsula with Pyongyang if the latter would accept international inspection of its nuclear facilities, Radio Seoul reported.

A Foreign Ministry statement said the two sides could discuss the issue when their prime ministers met in Pyongyang on August 27.

It is the first time South Korea has expressed its willingness to take part in such a discussion, and it is also its first official answer to a call by the Democratic People's Republic of Korea (DPRK) on July 30 for creating a nuclear-free zone on the Korean Peninsula.

DPRK favors international inspections of nuclear facilities on the whole Korean peninsula, saying the United States kept thousands of nuclear bombs in South Korea.

CPC Group Visits Mongolia, Meets Leaders

OW0308130991 Beijing XINHUA Domestic Service
in Chinese 1013 GMT 2 Aug 91

[Report by Li Jiahao (2621 0163 1170)]

[Text] Ulaanbaatar, 2 Aug (XINHUA)—Dash-Yondon, chairman of the Mongolian People's Revolutionary Party [MPRP] Central Committee, met at the government house here on 2 August with a delegation of CPC workers led by Raidi, member of the CPC Central Committee and executive deputy secretary of the Tibet Autonomous Regional CPC Committee.

During the meeting, Dash-Yondon expressed the hope that relations in various fields between the MPRP and the CPC would be strengthened, and pointed out that the MPRP attached great importance to the CPC's experience in leading the Chinese people in building socialism with Chinese characteristics. He asked Raidi to convey his regards to Jiang Zemin, general secretary of the CPC Central Committee, and invited General Secretary Jiang Zemin to visit Mongolia at an appropriate time.

Comrade Raidi briefed the host on the Chinese people's current efforts to fight floods, how China had carried out the policy of reform and opening up, and how China had proceeded along the socialist path with Chinese characteristics.

The delegation arrived in Mongolia on 26 July for a visit at the invitation of the MPRP Central Committee. Bagabandi and Yadamsuren, both members of the MPRP Central Committee Presidium, and Purebdorj, member of the MPRP Central Committee Presidium and deputy prime minister of the Mongolian Government, also separately met with the delegation.

The delegation will leave Mongolia for home on 3 August.

Southeast Asia & Pacific

Spokesman on Vice Ministerial Talks With SRV

OW0508073191 Beijing XINHUA in English
0719 GMT 5 Aug 91

[Text] Beijing, August 5 (XINHUA)—Chinese Vice Foreign Minister Xu Dunxin and his counterpart Nguyen

Dy Nien of the Socialist Republic of Vietnam will, as has been agreed upon by China and Vietnam, hold consultations in Beijing from August 8 to 10 on the political settlement of the Cambodian issue and on the Sino-Vietnamese relations.

This was announced by the spokesman of the Chinese Foreign Ministry here today.

Guangxi Plans Sino-Vietnamese Open Trade Zone

HK0508101891 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0806 GMT 31 Jul 91

[Text] Hong Kong, 31 Jul (ZHONGGUO XINWEN SHE)—Sources from relevant departments of Guangxi have disclosed that the Guangxi Zhuang Autonomous Regional Government has recently put forward a new idea for opening up "areas along the coasts, rivers, and borders," focusing its efforts on the development of trade fairs in border cities and towns. This will give shape to an open trade zone along the Sino-Vietnamese borders, through which Guangxi will be able to extend economic feelers into Indochina and other Southeast Asian countries.

It has been disclosed that according to this new idea, a new open trade zone along the Sino-Vietnamese border will be formed on the basis of trade fairs in border cities and towns, including Pingxiang City, Dongxing town, and Shuihou town. Over the past couple of years, non-governmental trade along the Sino-Vietnamese border has been very brisk, and people have come a long way from Shanghai and Northeast China to do business there. Last year, Pingxiang City's income from border trade made up over 50 percent of the city's total financial income. From the 1940's to the 1980's, Vietnam was drawn into a whirlpool of wars. In order to heal the wounds of war, Vietnam is now in urgent need of foreign investment, raw and semi-finished materials, and advanced technologies. Since Guangxi and Vietnam share a border more than 1,000 km long, if border areas are opened up, Guangxi will be the first to benefit from its favorable geographical position. Moreover, thanks to reform and opening up, Guangxi's economic strength has been increased to a great extent, and its daily necessities as well as raw and semi-finished materials for some basic industries have always been best-sellers in nongovernmental border trade fairs. On his way to Beijing by way of Nanning to attend the Asian Games last year, Vo Nguyen Giap, vice chairman of the Vietnamese Council of Ministers, held talks with Guangxi officials in charge of foreign economic relations and trade. During the talks, Vo Nguyen Giap expressed his hope to expand economic and trade contacts with Guangxi. In addition, he also expressed the hope that Lang Son Province, Vietnam, will step up economic cooperation with Guangxi. All this has provided a good opportunity for Guangxi to open up its border areas.

Results of Beijing SNC Meeting Outlined

*OW0208224891 Beijing BEIJING REVIEW in English
No. 30, 29 Jul-4 Aug 91 pp 10-11*

[Article by Zhou Qingchang: "Dawn of Cambodian National Reconciliation"]

[Text] Leaders of Cambodia's four factions met in Beijing on July 16-17 to exchange views on how to bring peace to their country.

The two-day working meeting of Cambodia's Supreme National Council (SNC), the first in China, was chaired by Prince Norodom Sihanouk and brought together leaders of all four of Cambodia's conflicting factions, including Hun Sen, Khieu Samphan, Prince Norodom Ranariddh and Son Sann. The meeting ended with the election of Sihanouk as the SNC president and a number of other decisions.

The final communique issued at the end of the meeting states that the SNC reiterates its acceptance of the framework document of the five permanent members of the UN Security Council in its entirety.

Immediately after the meeting Chinese Premier Li Peng met with SNC President Sihanouk and other members, congratulating them on the success of the two-day working meeting and the election of Sihanouk as president. Li said he was pleased at the emergence of the dawn of national reconciliation in Cambodia.

Li said the framework document worked out by the five permanent members of the UN Security Council provided a basis for the political settlement of the Cambodian issue and the final goal should be realized by the Cambodian people.

Li stressed that the Chinese people will, as always, support the national reconciliation efforts in Cambodia.

In order to fully implement his role as president of the SNC, Sihanouk decided to resign all his positions as president of the Cambodian National Resistance and as president of the National Government of Cambodia. He said he has decided to stand neutral acting as a conciliator without belonging to any faction or political party.

The SNC decided to hold its next formal meeting in Bangkok, Thailand, from August 26-28, and to send a delegation to the 46th session of the United Nations General Assembly.

The SNC agreed at the meeting to request that the United Nations send a survey mission to evaluate the modalities of control and send an appropriate number of UN personnel to control the ceasefire and the cessation of foreign military aid in co-operation with the SNC military working groups.

The SNC members also agreed:

- To send a delegation to participate in the special meeting of the Mekong Committee in mid-August 1991, as well as the full session from November 4-6, 1991;
- To appoint six officials to the SNC secretariat. The secretariat shall begin its work one week prior to the forthcoming SNC meeting in Bangkok, Thailand, in August 1991, pending the installation of the SNC headquarters in Phnom Penh;
- To set up an operational SNC working group to draft the procedural rules, the principles of the new constitution of Cambodia, as well as the electoral laws, and to examine the modalities related to the installation of the SNC headquarters in Phnom Penh;
- To request assistance from the UN secretary-general to facilitate the repatriation of Cambodian refugees.

In a related development, a communique issued by the five permanent members of the UN Security Council and the co-chairmen of the Paris Conference on Cambodia who met in Beijing on July 18 said, "these developments have created a new situation and a new opportunity to bring lasting peace to Cambodia. The five and Indonesia thus urge the now operational SNC to accelerate efforts to overcome the remaining difficulties and to reach consensus, in a continuing spirit of national reconciliation, on a comprehensive political settlement... based on the draft agreements on November 26, 1990—at its forthcoming meeting in Bangkok on August 26-28, 1991. Such consensus would make possible the early reconvening of the Paris Conference on Cambodia to adopt and endorse a comprehensive political settlement which could be referred to the United Nations for approval and implementation."

Observers of Cambodian affairs noted that as long as the warring factions value the interests of the Cambodian nation and forget their past hatred among themselves, they will increase mutual understanding, confidence and co-operation and resolve the 12-year-old conflict in a comprehensive, just and reasonable way.

Sihanouk Seeks Cambodia's World Bank Readmission

*OW0208133991 Beijing XINHUA in English
0423 GMT 2 Aug 91*

[Text] Bangkok, August 2 (XINHUA)—Chairman of the Cambodian Supreme National Council (SNC) Samdech Norodom Sihanouk has officially requested the World Bank (WB) and the International Monetary Fund (IMF) to readmit Cambodia, it was learnt from official Thai sources.

If the request is granted, Cambodia will be able to attend the two bodies' annual conference set for October 15-17 in Bangkok after more than 10 years of absence.

Deputy Governor of the Bank of Thailand Rerngchai Maradanon [name as received], who is also deputy chairman of the Organizing Committee for the annual WB/IMF conference, told local reporters here Thursday

that Sihanouk has already sent a letter in this connection to the WB/IMF Committee based in New York.

Cambodia has not sent a delegation to the WB/IMF conference since 1979 when the war triggered by the Vietnamese invasion started in the country.

Rerngchai said that the WB/IMF's other two Indochinese members, Vietnam and Laos, had accepted the invitation to participate in the annual conference, along with 155 others.

Further on Malaysian Trade Minister's Visit

BK0208140491 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 2 Aug 91

[Text] International Trade and Industry Minister Datuk Sri Rafidah Aziz says Malaysia and China must continue to explore ways to effect more intensified commercial exchanges although both government provide the instruments and framework to enhance bilateral economic and trade relations. Bold steps taken by the two governments over the last few years have paved the way for more beneficial relationship centered on economic and trade cooperation. Between 1985 and 1990, both countries had concluded six bilateral agreements covering trade, investment, air services, maritime services, avoidance of double taxation, and an agreement establishing the joint economic and trade commission. Datuk Sri Rafidah said both countries should be able to iron out certain difficulties of market access when implementing the provisions of the bilateral trade agreement.

She said this at the inaugural meeting of the Malaysia-People's Republic of China joint economic and trade commission in Beijing today. The text of her speech was released in Kuala Lumpur.

Meeting With Yang Shangkun

OW0408172891 Beijing XINHUA in English 1442 GMT 4 Aug 91

[Text] Beijing, August 4 (XINHUA)—Chinese President Yang Shangkun today expressed China's willingness to further its co-operation with Malaysia and other Southeast Asian countries, saying such co-operation enjoys "a broad prospect."

Yang made the remarks at a meeting with visiting Malaysian minister of international trade and industry, Datuk Sri Rafidah, who came to Beijing to attend the first meeting of the Sino-Malaysian Joint Committee on Economy and Trade, which opened on August 2.

Both Yang and Rafidah considered the committee's meeting a success, and believed that there exists a great potential for further developing the economic and trade relations between China and Malaysia, according to sources close to the meeting.

Bilateral relations have been developing well since the two countries set up diplomatic ties, Yang said. He cited

last year's 1.2 billion U.S. dollars of bilateral trade volume as an example, saying that it resulted from joint efforts.

Apart from commercial relations, Yang urged the two sides to explore new fields of co-operation, which may include those in economy, science, technology and labor service.

Yang also encouraged Malaysian entrepreneurs to invest or set up firms in China, saying bilateral co-operation should be "wider and deeper."

Yang reiterated that China's reform and opening policy will remain unchanged. "We opened up in the past, remain open at present, and will continue to open in the future," he said.

Rafidah expressed confidence in the success of China's reform and opening. Malaysia is willing to further develop its economic and trade co-operation with China, Rafidah said.

Yang, touching on the floods that hit some parts of China, expressed his appreciation for the help given by many countries, including Malaysia.

During the meeting, Yang and Rafidah also exchanged views on issues of strengthening regional economic and trade co-operation.

Discussion With Tian Jiyun

OW0508093191 Beijing XINHUA in English 0907 GMT 5 Aug 91

[Text] Beijing, August 5 (XINHUA)—Chinese Vice-Premier Tian Jiyun met with visiting Malaysian Minister of International Trade and Industry Datuk Sri Rafidah Aziz here this afternoon.

They had a cordial conversation on further promoting the Sino-Malaysian economic and trade cooperation and on strengthening the economic and trade ties between China and the Southeast Asian nations.

Congratulating on the success of the first meeting of the Sino-Malaysian Joint Committee on Economy and Trade, Tian said this success symbolizes that the Sino-Malaysian economic and trade relations have entered a new phase of development.

As the cooperation between the two countries are mutually complementary, he said, he hoped the cooperation could be expanded in more fields including science, technology and labor.

During the 30-minute meeting, Rafidah said that there exists great potential for the Sino-Malaysian economic and trade cooperation, and she hoped that this cooperation be furthered through the joint efforts of the two sides.

Chinese Minister of Foreign Economic Relations and Trade Li Lanqing attended the meeting.

Prior to the meeting, Li and Rafidah signed a memorandum on the first meeting of the Sino-Malaysian Joint Committee, which opened here August 2 and closed here today.

Rafidah is scheduled to leave here for home tomorrow.

Growing Trade Volume Noted

OW0408004391 Beijing XINHUA in English
0018 GMT 4 Aug 91

[Text] Beijing, August 4 (XINHUA)—According to the latest Chinese customs statistics, Sino-Malaysian trade during the first six months of this year reached 549.5 million U.S. dollars.

Of that figure, China's exports rose 40.3 percent to 208.4 million U.S. dollars, while imports also advanced, showing a 7.1 percent rise to 341.1 million U.S. dollars, according to a foreign trade official.

The official said that China's trade with Malaysia is expected to top 1.2 billion U.S. dollars this year.

China became Malaysia's 10th biggest trading partner last year with a total trade volume of 1.17 billion, while Malaysia is China's fourth biggest trading partner within the six ASEAN nations following Singapore, Indonesia and Thailand.

Australian Official Reaffirms One-China Policy

OW0308122991 Beijing Central People's Radio
Network in Mandarin 1600 GMT 2 Aug 91

[From the "International News and Current Events" program]

[Text] On 1 August, (David Owen), representative of Australian Foreign Minister Gareth Evans, reiterated the Australian Government's stand on there being only one China. He noted broad prospects for Australian-Chinese economic and commercial relations that have developed steadily over the years.

(Owen) made his comments at a seminar in Sydney on China's commercial affairs. The seminar was cosponsored by the New South Wales Australian-Chinese Industrial and Commercial Association and New South Wales University. Xie Jianqun, vice chairman of the China Council for the Promotion of International Trade, briefed participants in the seminar on China's plans for national economic and social development in the next decade. He also reviewed Sino-Australian economic and commercial relations, assessed future ties in this respect, and elucidated China's policies on peaceful reunification and the concept of one country with two systems.

Participants in the seminar included Australian Government officials, business people, bankers, lawyers, and academics. After the seminar, they said that the seminar

had strengthened their confidence in advancing Australian-Chinese economic and commercial relations as well as their stance on developing people-to-people ties with Taiwan.

Near East & South Asia

Israeli Delegation Meets Vice Foreign Minister

TA0508092791 Tel Aviv MA'ARIV in Hebrew
5 Aug 91 p A8

[Report by Menahem Rahat]

[Text] The Labor Party delegation currently visiting the PRC has conferred with the vice foreign minister, who promised that additional Israeli delegations will be invited to China very soon in a bid to strengthen relations between the two countries.

The vice foreign minister said the PRC foresees cooperation with Israel and hopes that in the very near future there will also be closer cooperation on the state level.

The Israeli delegation toured industrial plants and heard about China's wishes for an increase in Israeli investments in the PRC.

Baker Continues Middle East Peace Plan Efforts

Meets Palestinians in Jerusalem

OW0208203591 Beijing XINHUA in English
1512 GMT 2 Aug 91

[Text] Cairo, August 2 (XINHUA)—U.S. Secretary of State James Baker, on his sixth post-Gulf war peace mission in the Middle East, met in Jerusalem today with three leading Palestinians to seek compromise on Palestinian representation, the last hurdle to the holding of U.S.-projected Arab-Israeli peace talks.

No announcement was made after more than four hours of talks between Baker and Faysal Husayni, Hanan Ashrawi and Zakariya al-Agha [names as received]—all identified with the Palestine Liberation Organization (PLO).

Their meeting came after Baker won a conditional approval from Israeli Prime Minister Yitzhaq Shamir to attend the peace conference.

Shamir conditions the attendance on no talks with the PLO and no delegates from East Jerusalem or outside the occupied territories. He claimed after a meeting with Baker Thursday that Americans have accepted the Israeli conditions.

But, Husayni said last night that he thought the Israeli conditions were an interference in the Palestinians' own affairs.

"Conditions concerning the Palestinian representation are a matter concerning the Palestinians, and not anyone

else," he told a news conference. It would be up to the PLO to decide whether to join peace talks, he said.

Reports from Jerusalem quoted Foreign Minister David Levy as saying, however, that a compromise may be to accept a former East Jerusalem resident who is now a Jordanian citizen as part of a joint Palestinian-Jordanian delegation.

Baker has ended his first leg of the renewed Middle East tour and went to Jordan for talks with Jordanian leaders on the possibility of forming the Jordanian-Palestinian delegation.

He is expected to go to Tunisia, Algeria and Morocco to discuss the participation by the Maghreb countries in the proposed peace conference which was jointly announced by the U.S. and Soviet presidents to be held in October.

Talks With Jordan's Husayn

OW0208202291 Beijing XINHUA in English
1622 GMT 2 Aug 91

[Text] Amman, August 2 (XINHUA)—U.S. Secretary of State James Baker arrived in Amman today from Israel on the second leg of his sixth post-Gulf war Middle East tour, aimed at discussing the formation of a joint Jordanian-Palestinian delegation to attend the U.S.-initiated peace conference.

After arrival at Queen Alia International Airport near Amman at 16:30 (local time), Baker, accompanied by his Jordanian counterpart 'Abdallah al-Nusur, immediately drove off to meet with King Husayn at the Hashimiyeh Palace in Humar, 20 kilometers west of Amman.

A government official, who asked to be anonymous, told XINHUA that Jordan would closely coordinate its position with the Palestine Liberation Organization (PLO) on the issue of Palestinian representation.

Prime Minister Tahir al-Masri would reaffirm his recent statement during talks with Baker that Palestinians themselves should choose their delegates and Jordan would not negotiate on their behalf, the official said.

Israel has reportedly proposed to Jordan, as a compromise on the problem of Palestinian representation, to name a Jerusalem-born Palestinian now with Jordanian citizenship as the representative of East Jerusalem in the joint Jordanian-Palestinian delegation.

Baker arrived here after winning a conditional approval from Israeli Prime Minister Yitzhaq Shamir to attend the peace conference.

Shamir conditions the attendance on no talks with the PLO and no delegates from East Jerusalem or outside the occupied territories. He claimed after a meeting with Baker Thursday that Americans have accepted the Israeli conditions.

But, Faysal Husayni [name as received] a prominent Palestinian living in occupied East Jerusalem, said last

night that he thought the Israeli conditions were an interference in the Palestinians' own affairs.

Baker is expected to go to Tunisia, Algeria and Morocco over the weekend to discuss the participation by the Maghreb countries in the proposed peace conference which was jointly announced by the U.S. and Soviet presidents to be held in October.

Discusses Aid With Al-Masri

OW0308120791 Beijing XINHUA in English
1053 GMT 3 Aug 91

[Text] Amman, August 3 (XINHUA)—U.S. Secretary of State James Baker left here today after talks with Jordanian Prime Minister Tahir al-Masri on resumption of U.S. aid to Jordan.

Baker was heading for Morocco, the third leg of his sixth regional tour seeking support for a U.S.-Soviet sponsored Middle East peace conference. He has also visited Israel.

Official sources said that before departure, Baker told Al-Masri during a one-hour meeting that President George Bush had decided to unfreeze U.S. aid to Jordan, which was suspended by Congress to penalize the kingdom for its stance seen as pro-Iraqi in the Gulf crisis.

But according to reports from Washington, Congress demanded evidence to Jordan's efforts to help the U.S. in its peace efforts before lifting the freeze.

The Congress freeze involved 55 million U.S. dollars in unappropriated aid last year and 57.2 million in allocation for 1991.

Despite this, Washington and Amman signed last week an agreement under which the U.S. would give, as an outright grant, wheat worth 27 million U.S. dollars.

Meanwhile, Baker told the press that Bush had sent related legislation to Congress to have the frozen aid released.

The secretary of state on Friday held talks with King Husayn, Crown Prince Hassan and Prime Minister al-Masri on forming a joint Jordanian-Palestinian delegation to the proposed peace talks.

Both Husayn and Baker urged Palestinians to accept the U.S. peace plan by joining a joint delegation with Jordanians, which should serve as an umbrella for their participation in the peace process.

The U.S. favors a joint delegation composed of Jordanian officials and non-PLO Palestinians born in Jerusalem. Israel refuses to talk with any Palestinian associated with the PLO or from East Jerusalem.

Jordan is reportedly willing to go to negotiations in a joint delegation with Palestinians if the PLO accepts the compromise formula.

Meets Ben Ali in Tunis

OW0408173091 Beijing XINHUA in English
1507 GMT 4 Aug 91

[Text] Tunis, August 4 (XINHUA)—U.S. Secretary of State James Baker arrived here today and immediately headed for talks with Tunisian President Zine El Abidine Ben Ali on the proposed Middle East peace conference.

Baker flew in from Morocco where he urged King Hassan II to help persuade Palestinians to approve the U.S. proposal for the peace conference. He also invited Morocco to be an observer during the peace parley.

Baker is on his sixth Middle East tour since the end of the Gulf war in late February, in a bid to bring the Arabs and Israelis to the negotiating table to find a solution to their decades-old conflict and achieve peace in the volatile Middle East.

Under the U.S. plan, an opening conference will be followed by direct negotiations between Israel and its Arab neighbors on the one hand and between Israel and the Palestinians on the other. The plan has been endorsed by Syria, Egypt, Jordan and Lebanon. It also won qualified Israeli acceptance. The Palestinians have yet to come up with a response.

Tunisian sources said Baker will discuss with Ben Ali and other Tunisian officials the Palestinian representation as well as the possibility of Tunisian participation in the peace talks.

Israel has tied its attendance at the peace conference to the exclusion of the Palestine Liberation Organization (PLO) and that of Palestinians from East Jerusalem.

Israel considers the PLO a "terrorist group," although it is widely recognized as the sole, legitimate representative of the Palestinian people. Israel captured East Jerusalem in the 1967 Middle East war and later annexed it as part of its "united capital."

Palestinians insist that the PLO and Palestinians from East Jerusalem be represented at the peace talks and want the conference to be a platform for their claim to statehood with Jerusalem as its capital.

Baker reportedly does not intend to meet with officials of the PLO, which has its headquarters in Tunis. But a senior aide to PLO Chairman Yasir Arafat hinted Saturday that such contacts might take place while Baker is in Tunis.

"We cannot say anything about it now," Bassam Abu Sharif was quoted as saying. "... But important security measures are being taken."

Arafat met with Ben Ali Sunday and reportedly briefed him on the PLO position concerning the U.S. plan. The Tunisian leader is expected to pass on PLO's view to Baker during their talks today.

Middle East Situation, Peace Prospects Analyzed

OW0408010191 Beijing Central People's Radio
Network in Mandarin 0430 GMT 3 Aug 91

["News Analysis: The Road to Peace for the Middle East Is Long and Bumpy"; by XINHUA reporter (He Dalong); from the "International News and Current Events" program]

[Text] After talks with the U.S. secretary of state on 1 August, Israeli Prime Minister Shamir announced that Israel had conditionally accepted the Middle East peace plan drawn up by the United States, and had agreed to participate in the Mideast peace conference which the United States and the Soviet Union are preparing to hold and chair this October. His announcement brings a ray of hope for a turning point in resolving the 43-year-old rancor and dispute between Israel and its neighboring Arab states and the Palestinian people, through face-to-face talks.

However, Prime Minister Shamir still insisted on Israel's position of three no's, while announcing acceptance of the U.S. plan. First, Israel will absolutely not hold talks with the Palestine Liberation Organization or Palestinian representatives from East Jerusalem; second, Israel will absolutely not hold talks on the issue of "land for peace"; and, third, Israel will not stop setting up Jewish settlements in the occupied territories. As is known to all, the Palestinian issue is the core of the Mideast issue. How can the Palestinian issue be resolved and a just and fair settlement of the Mideast issue be achieved if the PLO, the sole legitimate representative of the Palestinian people, and Palestinian representatives from the occupied territories, including those from East Jerusalem, are barred from participating in Mideast peace talks? Another important issue in the Mideast conflict is Israel's occupation of the Arab territories. How can a comprehensive settlement of the Mideast issue be achieved if Israel refuses to return the territories it has occupied?

The U.S. Government has adopted an accommodating policy toward Israel's stubborn stand. According to reports by U.S. newspapers, the U.S. Government believes the United States has gained a stronger position in the Middle East after the Gulf war while, on the other hand, the strength of the PLO has been undermined. Therefore, the United States is exerting pressure on the Palestinian people and the Arab states to force them into making important concessions. According to THE NEW YORK TIMES, during his meeting with the PLO representatives, Secretary of State Baker said without mincing words that the current ratio of the relative forces in the Middle East shows that the Palestinian people must basically accept Israel's conditions if they want to participate in the Mideast peace talks. The U.S. magazine NEWSWEEK predicted in an article published in its latest issue that it is impossible for the policy adopted by the U.S. Government toward the Middle East at present to quickly resolve the territorial dispute between Israel

and its neighboring Arab states and Palestine, or eliminate enmity between the Arabs and the Israelis, who have been feuding from generation to generation.

Therefore, though the Mideast peace conference be held, the road to peace for the Middle East is still long and bumpy.

'News Analysis' on Jordan's Role in Mideast Peace

OW0208144491 Beijing XINHUA in English
1346 GMT 2 Aug 91

[*"News Analysis: Peace Vital To Jordan (by Chen Ruwei)"—XINHUA headline*]

[Text] Amman, August 2 (XINHUA)—The U.S.-proposed Middle East peace conference will, both politically and economically, prove vital to Jordan badly hurt by the Gulf crisis triggered by Iraq's invasion of Kuwait today a year ago.

Like Syria, Egypt and Lebanon, Jordan has approved the U.S. plan for holding a U.S.-Soviet sponsored regional conference. The kingdom was seen as tilted toward Iraq during the Gulf crisis while Syria and Egypt joined the anti-Iraq coalition.

Jordan's acceptance of the U.S. plan coincides with King Husayn's effort to mend relations with Arab members of the anti-Iraq coalition and the West. Before the crisis, the U.S. was a major donor to Jordan's crisis-ridden economy.

But to the king and his officials, what is in stake is the kingdom's sheer survival. If Jordan refuses to attend the conference, said Prime Minister Tahir al-Masri, it may become the "dumping ground" for Palestinians.

Palestinians already account for more than half of the kingdom's population. More than 270,000 Jordanians, mostly of Palestinian origin, have returned from Iraq or Kuwait since the outbreak of the Gulf crisis and thousands more are expected over the next few months.

Jordanian officials fear that a new influx of Palestinians will be inevitable if Jordan does not attend the peace conference. The fear was prompted by the attitude of Israel's hardline politicians toward the Palestinian demand for an independent state in the occupied West Bank and Gaza Strip.

In response to the PLO's proclamation of an independent Palestinian state in the occupied territories, Israel's hardline politicians ask Palestinians to realize their dream in neighboring Jordan instead.

Increasing numbers of Palestinians will be expelled from the occupied territories as Jewish immigrants arrive and settle there in their thousands every month, and the expelled Palestinians will have nowhere to go but to Jordan.

The balance between Jordanians native to the East Bank of the Jordan River and Palestinian residents in Jordan, already delicate enough, will inevitably be upset.

Should that happen, Al-Masri once argued, Israel's hardline politicians would be in a better position to tell the PLO: "You want an independent state of Palestine? OK, Jordan is Palestine, pure and simple."

The U.S. proposal, as the Arabs understand, is based on UN Security Council Resolution 242 and 338 which call on Israel to yield the war-won Arab lands in exchange for peace with the Arabs.

The prime minister was speaking earlier this week to Moslem Brotherhood parliament deputies, who rejected any direct negotiations with Israel and accused Al-Masri's government of surrendering the Palestinian rights.

Economic needs also compel Jordan to accept the U.S. plan, which envisages a ceremonial opening session to be followed by direct talks between Israel and Palestinians on the one hand and between Israel and each of the participating Arab states on the other.

"If all other concerned countries attend (the proposed conference) while we don't, we will have to abandon our rights over water, rights usurped by Israel," Al-Masri told the Brotherhood deputies who form the largest bloc in parliament.

He was referring to the long-standing dispute with Israel over the sharing of water from Yarmouk River, or the upper reaches of the Jordan River, which is vital to the economy of both countries.

There is much more than that.

The Gulf crisis deprived Jordan of one quarter of its export markets, one-third of the much-needed foreign exchange remittances from its citizens working overseas and practically all financial aid from the oil-rich Gulf countries and Iraq.

The losses, partly compensated by aid and grants amounting to 1 million U.S. dollars from Japan and European countries including Germany, were not as great as originally expected, but were painful enough to awaken Jordan to the importance of peace and stability in the region.

Jordanian economists and officials agree that unless the Middle East problem is solved, Jordan's economic prospects will remain grim.

Just for one thing: Peace with Israel may allow the Jordanian Government to cut its defense expenditure by 30 percent.

Jordan, with scarce resources and a population of 3.5 million, owes foreign countries an estimated 8.3 billion dollars in debt.

Anniversary of Diplomatic Ties With Nepal Marked*OW0308214091 Beijing XINHUA in English
1456 GMT 3 Aug 91*

[Text] Kathmandu, August 3 (XINHUA)—A function was sponsored by the Nepal-China Friendship Association here today to celebrate the 36th anniversary of the establishment of Sino-Nepalese diplomatic relations.

Among those present were Nepalese Prime Minister Girij Prasad Koirala, ministers and opposition leaders.

In his address, Prime Minister Koirala lauded the friendship existing between the two countries since ancient times and said that the different political systems of the two countries did not affect the development of their friendly relations.

The roads and bridges built with Chinese assistance contributed a lot to the development of Nepal, he noted.

He pledged that the new Nepalese Government would make a new contribution to the enhancement of Nepal-China friendship.

Man Mohan Adhikari, parliamentary leader of the leading opposition Nepal Communist Party (UML), said that Nepal would develop friendly relations with both China and India since it had common borders with the two countries. He hoped that China would continue its aid to Nepal.

Chinese Ambassador to Nepal Li Debiao said that mutual respect, mutual understanding, equality and mutual benefit, and sincere cooperation were outstanding characteristics of Sino-Nepalese relations.

"Sino-Nepalese friendship is in keeping with the fundamental interests of the people of both countries and also conducive to peace and stability in Asia and in this region," he added.

He hoped that the traditional friendship and friendly cooperation would pass on from generation to generation.

West Europe**UK Announcement on Major's Visit Reported***OW0208113991 Beijing XINHUA in English
1055 GMT 2 Aug 91*

[Text] London, August 2 (XINHUA)—British Prime Minister John Major is to visit China early next month to sign an agreement on building a new airport in Hong Kong, Major's office said today.

An announcement made by No. 10 Downing Street said that Major will start his three-day visit to China on September 2 at the invitation of Chinese Premier Li Peng, adding that Foreign Secretary Douglas Hurd would accompany him on the visit.

Major, who left for a 10-day holiday in Spain today, will be the first Western leader to visit China in recent years.

"During his visit, the prime minister and Premier Li Peng will formally sign the memorandum of understanding between the governments of the United Kingdom and China relating to the new airport in Hong Kong," the announcement said.

It added that the two leaders would also discuss "other matters of common interest."

Downing Street also announced that Major would pay his first official visit to Hong Kong on September 4-5 after his visit to Beijing.

Hong Kong Official on Visit*OW0308013391 Beijing XINHUA in English
2350 GMT 2 Aug 91*

[Text] Hong Kong, August 3 (XINHUA)—British Prime Minister John Major will pay his first official visit to Hong Kong from September 4 and 5 following his China visit, according to the Hong Kong Government Information Services.

During the visit, the prime minister will hold talks with Hong Kong Governor Sir David Wilson and the Executive Council and meet other leading members of the community.

Acting Hong Kong Governor Sir David Ford said here Friday that the visit of the prime minister to Hong Kong will give him a chance to see the place and meet the people here.

Major will visit China from September 2 to 4 at the invitation of Chinese Premier Li Peng.

Sir David said, "We are very pleased that Mr. Major is going to China."

"He is going to sign the memorandum of understanding (between the Governments of China and Britain relating to the new airport in Hong Kong) which is very important for Hong Kong," he said.

UK Rejects European Intervention in Yugoslavia*OW0308023291 Beijing XINHUA in English
0019 GMT 3 Aug 91*

[Text] London, August 2 (XINHUA)—Britain is opposed to send European troops to Yugoslavia while hostilities continue in that country, according to a senior Whitehall source on Friday.

Luxembourg Foreign Minister Jacques Poos said on Thursday that European military intervention might be needed to prevent the partition of Yugoslavia, and some European leaders appeared to contemplate that British troops would play a leading role in that European force.

The senior Whitehall source said the British Government would not want to send the troops into "a situation

where they would face pot-shot from both sides", implicating [as received] that the European troops might become embroiled in a Lebanon-type civil war.

British ministers did not rule out a peace-keeping force based on the Western European Union, proposed by Hans van den Broek, the Dutch foreign minister.

But Britain would only wish to see such a force deployed when "there is a peace to keep", said the senior source.

"We would need to be convinced there was a clear mandate and a clear role for a European force to play ... we are not part of an international police force."

Yang Shangkun Appoints Envoy to San Marino

OW0508085091 Beijing XINHUA in English
0751 GMT 5 Aug 91

[Text] Beijing, August 5 (XINHUA)—Following a decision by the Standing Committee of the National People's Congress, Yang Shangkun, president of People's Republic of China, announced the appointment of Li Baocheng to the concurrent post of ambassador extraordinary and plenipotentiary to the Republic of San Marino.

Turkish Envoy Marks Anniversary of Relations

OW0508090691 Beijing XINHUA in English
0838 GMT 5 Aug 91

[Text] Beijing, August 5 (XINHUA)—Turkish Ambassador to China Resat Arim gave a reception at the embassy here today to mark the 20th anniversary of the establishment of diplomatic relations between Turkey and China. Chinese State Councillor Li Tieying attended the reception. In his toast at the reception, Li noted that the Sino-Turkish friendly and co-operative relations have been developing smoothly since the establishment of diplomatic relations between the two countries 20 years ago, thanks to the common efforts of the two governments and peoples. These relations are now still growing, he added. Ambassador Resat Arim made a toast first at the reception. He said that the Turkish-Chinese friendship, which is based on mutual respect, is conducive to the maintenance of world peace and stability. He said he is confident that the co-operation, mutual understanding and trust between Turkey and China will surely grow in the future.

Latin America & Caribbean

Brazilian Foreign Minister Arrives in Beijing

OW0408015791 Beijing XINHUA in English
0136 GMT 4 Aug 91

[Text] Beijing, August 4 (XINHUA)—Brazilian Foreign Minister Francisco Rezek and his party flew in this morning on a four-day official visit to China at the invitation of Chinese State Councillor and Foreign Minister Qian Qichen.

The Brazilian foreign minister is here to have discussions with the Chinese side on furthering the bilateral relations between the two countries and on important international issues.

He was greeted at the Beijing airport by Tian Zengpei, Chinese vice-foreign minister.

Wang Hanbin Addresses Chilean Relations Council

OW0208202591 Beijing XINHUA in English
1535 GMT 2 Aug 91

[Text] Santiago, August 2 (XINHUA)—China will continue to deepen its reform and extend its ties with foreign countries in building socialism with Chinese characteristics, said a Chinese official.

Wang Hanbin, vice-president of the Standing Committee of the National People's Congress of China, made the remarks on Thursday at the Chilean Council for International Relations.

Wang said that China has made tremendous achievements in the past four decades, describing the economic reforms and development of political ties with foreign countries as significant achievements made by China during the 1980s.

Jiang To Visit Cuba, Ties To Be Normalized

HK0408070191 Hong Kong AFP in English 0628 GMT
4 Aug 91

[By William Brent]

[Text] Beijing, Aug 4 (AFP)—Cuba and China will fully normalize relations later this year when Communist Party leader Jiang Zemin makes an unprecedented visit to Havana, Latin American diplomats here said Sunday.

With the communist world collapsing around them, orthodox holdouts Beijing and Havana have decided to shed three decades of differences and close ranks.

"Jiang's trip signifies a new era in relations," a Cuban diplomat said. "We have a strong basis to strengthen relations."

The party general secretary would be the first Chinese leader to visit Cuba since President Fidel Castro led his Soviet-backed guerrillas into Havana in January 1959.

Castro has also accepted an invitation to make his first visit to Beijing, but dates have not been set, the diplomats said.

Jiang's official visit is part of a four-nation tour of Latin America that would also include stops in Argentina, Brazil and Venezuela.

The trip was originally scheduled for next month but was postponed, probably until October or November, due to

severe flooding in China, the diplomats said. Jiang told a Brazilian delegation he would still make the visit this year.

Jiang is to embrace Castro to formally end a rift that mirrored the Sino-Soviet split, which ended two years ago when President Mikhail Gorbachev visited here to normalize relations.

Party relations were normalized in 1988. One year later, Cuba was one of the few countries to express backing for the Tiananmen Square crackdown, which was followed by a stream of high-level exchanges.

China and Cuba find themselves increasingly isolated politically in the world, with both unbendable in their allegiance to communism despite its demise in Eastern Europe and the Soviet Union.

Their new relationship comes at a time when Beijing is working to normalize relations with Vietnam and trying to keep "friendly" ties with Moscow—where Jiang visited in May—despite Mr. Gorbachev's free-market reforms.

With the drying up of its traditional sources of financial support, Spain and the Soviet Union, Cuba is suffering from the worst economic crisis since Castro took over. Both food and fuel are in short supply on the island.

"China has goods for Cuba, and Cuba hosting Jiang makes the party look good at home," one Western diplomat said.

China can provide badly needed commodities without draining Cuba's limited foreign reserves since trade is 100 percent barter, unlike with Eastern Europe and the Soviet Union which have transferred trade to hard currency.

But diplomats said Jiang's visit, while providing a facade of unity among the survivors of a badly atrophied communist empire, would be based on pragmatism.

"We won't tell China what to do, they won't tell us what to do. Different diseases require different cures," the Cuban diplomat said.

Cuba has become China's second largest trading partner in Latin America after Brazil and the two are exploring ways to diversify their economic and trade ties.

On the other legs of the visit, Jiang would be hosted by the respective heads of states since the ruling parties of China and Brazil, Argentina and Venezuela do not have formal relations, the diplomats said.

The Jiang tour of Latin America also follows China's recently announced intention of making further inroads into the region, where rival Taiwan has enjoyed strong relations in the past.

President Yang Shangkun was the first Chinese head of state to visit Latin America when he traveled there in May of last year.

"To expand Sino-Latin American cooperation is an important step for the country in diversifying its overseas markets," senior trade ministry official Wang Zhi-quan said recently.

Trade between China and the region is still small, reaching only 2.3 billion dollars last year.

China mainly buys grain, copper, iron ore, sugar, rolled steel, wool, wood and fish meal from Latin America. It sells light industrial products, textiles, garments, machinery and electronics.

Castro Meets Officials at Pan American Games

OW0308183591 Beijing XINHUA Domestic Service
in Chinese 1334 GMT 2 Aug 91

[By reporters Zhang Tingquan (4545 2185 2938) and Ni Runhao (0242 3387 3185)]

[Text] Havana, 1 August (XINHUA)—Fidel Castro, president of the Cuban Council of State, had a cordial meeting with Wu Shaozu, Chinese minister in charge of the State Physical Culture and Sports Commission and executive chairman of the Beijing Committee for the 2000 Olympic Games Bid, and two other Chinese officials at a reception for the XI Pan American Games this evening. The Cuban president chatted genially with the Chinese officials.

At the meeting, Castro expressed gratitude for China's support to Cuba in sponsoring the Pan American Games. He also inquired with deep concern about the Chinese people's flood control and relief efforts. Wu Shaozu conveyed greetings from General Secretary Jiang Zemin to President Castro.

During the reception, Wu Shaozu and his entourage chatted with President Samaranch of the International Olympic Committee, President Vasquez Lanier of the Pan American Sports Organization, and officials from Olympic committees and sports organizations of many countries. They asked the Chinese sports minister about Beijing's bid for the 2000 Olympic Games and offered many valuable suggestions.

This afternoon, Domenech Benitez, vice chairman of the Cuban Council of Ministers, called on the Chinese visitors at the guesthouse and had a friendly chat with them.

Wu Shaozu and his entourage arrived in Cuba 30 July at the invitation of the Organizing Committee for the XI Pan American Games, which will be held in Cuba 2-18 August.

Remarks on Ties, Flooding

OW0508045691 Beijing XINHUA Domestic Service
in Chinese 0058 GMT 5 Aug 91

[By reporter Ni Runhao (0242 3387 3185)]

[Text] Havana, 4 Aug (XINHUA)—Fidel Castro, president of the Cuban Council of State, said that the revolution and socialism have greatly boosted the Chinese people's capacity to withstand natural disasters, and that he believed the Chinese people would surely overcome the difficulties caused by the floods.

President Castro said the above at a reception hosted by Chen Jiuchang, Chinese ambassador to Cuba, for a visit to Cuba by Wu Shaozu, Chinese minister in charge of the State Physical Culture and Sports Commission.

Castro, map in hand, inquired into the details of the locations of China's disaster areas and the situation. He said: We are deeply concerned about the condition of the disaster in China. All friends of China will lend their cooperation, within their capabilities, to help the Chinese people overcome the consequences of the floods.

The Cuban Government and people have given generously to the Chinese people's struggle against the flooding. They have, on different occasions, donated 5,000 metric tons of sugar and \$12 million worth of pharmaceuticals.

Touching on Sino-Cuban relations, Castro said: Relations between Cuba and China are ever-growing. These relations have developed on the basis of experience accumulated in recent years. We will be firm and make still greater efforts to develop these relations.

Referring to Beijing's bid for the 2000 Olympic Games, he said: We would be very glad if China hosts the 2000 Olympic Games. Cuba will do its best to help China. Most other countries will also support you.

Minister Wu Shaozu arrived in Cuba on 30 July for a visit at the invitation of the Cuban Physical Culture and Sports Committee. He also attended the opening ceremony of the XI Pan American Games.

Political & Social

Bo Yibo Writes on Compilation of Mao's Works

HK0108100791 Beijing QIUSHI in Chinese No. 12

16 Jun 91 pp 14-26, 48

[Article by Bo Yibo (5631 0001 3134): "Investigations, Exploration Conducted Before, After Compilation of *On Ten Major Relationships*"]

[Text] Editor's note: On the occasion of the 70th anniversary of the founding of the CPC, the CPC Central Party School Publishing House has published Comrades Bo Yibo's new work *Reflections on Various Major Decisions and Events (First Volume)*. This important work engages in truth-seeking analysis, research, and appraisal of the various major decisions and events which occurred in the eight years from the formation of New China to the basic completion of socialist transformation in 1956. It is thus of major practical significance with respect to future economic construction and in further doing well in reform and opening up. With the approval of the author, our journal is reprinting the article "Investigations and Exploration Conducted Before and After the Compilation of *On the Ten Major Relationships*" as a service to our readers. [end editor's note]

At the beginning of 1956, just after Chairman Mao had returned from Hangzhou, I went to report to him on our work. I happened to mention that Comrade Liu Shaoqi was also listening to reports from several ministries and commissions. Unexpectedly, Chairman Mao was very interested in this and said to me: "That is very good. I would also like to listen. Can you organize reports by some departments to be made to me?" I was naturally glad to oblige. Soon after, the reports began. In just over two months, reports by a total of 34 ministries and commissions were presented. This was a major investigation and exploration by Chairman Mao at a time when our country's socialist transformation was at a high tide and the First Five-Year Plan had entered its fourth year. This provided him with important data on the basis of which to put forward and expound upon the ten major relationships.

I. Aim of Investigation, Exploration

Beginning in December 1955, Chairman Mao, Comrade Shaoqi and other central leaders, while handling their numerous normal national administrative duties, devoted a great amount of their time to engage in investigative research and to listen to reports. The 34 ministry and commission reports constituted some of the more important of these.

First, Comrade Shaoqi listened to the reports of ministries and commissions. At a meeting convened by the Central Committee on 5 Dec 1955, Comrade Shaoqi, after transmitting the spirit of Chairman Mao's instructions regarding criticizing "rightist conservative" ideas, declared: "In order to draft the report for the Eighth Congress, I am preparing to have, in the near future, an individual discussion with

comrades from each of the departments. Would those of you in the various departments please prepare yourselves." These discussions began on 7 December and were completed on 8 March 1956 (in May and the months following, Comrade Shaoqi also had discussions with XINHUA SHE, high-level party schools, procuratorates, and other units). According to the "Central Committee Chronicle," which was compiled on a daily basis at that time by the Secretariat of the Central Committee Office, in the first period, discussions were held with 32 ministries and commissions (including bureaus directly under the State Council). The agenda was: 7 December 1955, State Construction Commission and Urban Construction Bureau; 8 and 10 December, First, Second and Third Ministries of Machine-Building; 9 December, Central Ministry of Rural Work; 12 December, Ministry of Coal Industry, and Ministry of Electricity Industry; 14 December, Ministry of Geology and Oil; 15 December, Ministry of Construction Industry; 16 December, Ministry of Heavy Industry; 22 December, State Planning Commission; 27 December, Ministry of Light Industry; 28 December, Ministry of Textile Industry; 29 December, Ministry of Light Industry; 30 December, Handicrafts Industry Management Bureau; 31 December, Ministry of Finance; 2 January 1956, Ministry of Grain; 3 January, Ministry of Commerce; 5 January, Ministry of Foreign Trade; 6 January, Ministry of Agricultural Product Purchasing, and the People's Bank; 7 January, Ministry of Labor and the National Federation of Trade Unions; 26 and 27 January, the State Planning Commission; 16 February, the Ministry of Railways; 17 February, Ministry of Communications; 18 February, Ministry of Posts and Telegraphs; 21 February, the Civil Aviation Bureau; 5 March, Ministry of Tertiary Education; 6 March, Ministry of Education; 7 March, Ministry of Health; and 8 March, Ministry of Culture.

Then, Chairman Mao went out to conduct investigations. From 21 December 1955 to 12 January 1956, Chairman Mao traveled by rail from Beijing to Wuhan and then to Hangzhou. Then from Hangzhou, he returned to Beijing via Shanghai, Nanjing and Tianjin. Apart from revising the foreword to the book *Upsurge* while in Hangzhou, beginning from Baoding and Xingtai, he held discussions with local cadres en route and did investigative work throughout the whole journey.

After that, Chairman Mao listened to the reports from 34 ministries and commissions. These reports were given in a sequence determined by the various departments' managing organs. First, the State Council managing offices gave their reports and each of these was followed by the reports of the various ministries under them. The reports began with those of heavy industry. The specific agenda of the reports was as follows: 14 February, the Third Office of the State Council (which managed heavy industry); 15 February, the Ministry of Electricity Industry; 16 February, the Ministry of Oil Industry; 17 February, the First, Second and Third Machine-Building ministries; 19 February, the State Construction Commission; 20 February, the Ministry of Construction

Industry; 21 February, the Second Ministry of Machine-Building and the Urban Construction Bureau; 22 February, the Second Ministry of Machine-building; 25 February, the Ministry of Heavy Industry; 26 February, the Ministry of Oil Industry; 29 February, the Ministry of Geology; 29 February, the Ministry of Coal Industry; 1 March, the Fourth Office of the State Council (which managed light industry), the Ministry of Textile Industry; 2 March, the Ministry of Local Industry; 3 March, the Ministry of Light industry; 4 March, the Handicrafts Industry Management Bureau; 5 March, the Sixth Office of the State Council (which managed communications and posts and telegraphs); 6 March, the Ministry of Railways; 8 March, the Ministry of Communications; 9 March, the Ministry of Posts and Telegraphs, and the Civil Aviation Bureau; 13 March, the Seventh Office of the State Council (which managed agriculture, forestry and water resources); 15 March, the Ministry of Agriculture; 16 March, the Ministry of Water Conservancy; 17 March, the Ministry of Forestry, and the Meteorological Bureau; 19 March, the Fifth Office of the State Council (which managed finance and trade); 26 March, the Ministry of Commerce; 27 March, the Ministry of Foreign Trade; 8 April, the Ministry of Agricultural Product Purchasing; 9 April, the Ministry of Finance; 10 April, the People's Bank; and 18, 19, 20, 21 and 22 April, the State Planning Commission. The "Chronicle" did not record any report by the Ministry of Labor. Actually, the Ministry of Labor made a written report to Chairman Mao on 7 July. According to this record, the 34 ministries and commissions actually refers to 29 ministries, commissions and bureaus, plus the five offices of the State Council which managed economic work. These reports differed from the reports heard by Comrade Liu Shaoqi in that they were limited to the financial and economic ministries, commissions and bureaus and did not include cultural and educational departments or organs directly under the central authorities. (The Ministry of Culture, Ministry of Tertiary Education, Ministry of Education, Ministry of Health, Chinese Academy of Sciences, XINHUA SHE and the Broadcasting Management Bureau submitted detailed written report outlines to the Central Committee from 7 to 10 March). Those who listened to the reports included, apart from Chairman Mao, Premier Zhou (who participated quite frequently), Comrades Chen Yun and Xiaoping, as well as other comrades from the Secretariat. The reports of the Third Office of the State Council and the State Construction Commission were mainly compiled by myself, with supplementary work being done by the various deputies. I arranged the reports and was also the principal specific organizer of the reports. In addition, I participated in the report-making on over 20 occasions. I also participated in the making of the reports by the various heavy industry, light industry and communications departments.

Following this, the party committees of the various provinces, cities and autonomous regions made their reports. In the middle of March, just when the 34 ministries and commissions were busy giving their

reports, Comrade Yang Shangkun, then head of the Central Committee General Office, invited Comrades Li Fuchun, Li Xiannian, Jia Tuofu and Wang Shoudao, as well as myself to a meeting to pass on Chairman Mao's directive: We were to prepare and organize the party committees of the various provinces, cities and autonomous regions to make reports, and he wanted us to separately draft report reference outlines for industry, communications, agriculture, forestry, finance and trade. The report outlines for industry and communications were jointly compiled by the third, fourth and sixth offices of the State Council (these three units were combined on 2 May into the State Economic Commission). After the various outlines were compiled and collected together by the State Council, on 30 March Chairman Mao personally drafted a central committee circular and issued it to the Shanghai bureau of the CPC Central Committee and the party committees of the various provinces, cities and autonomous regions, requesting them to immediately set to work to prepare materials and, after receiving a further central committee notice, were to come at the set time to Beijing to present their reports. The presenting of these reports began in the last part of April. On 2 May, when Chairman Mao spoke at the Supreme State Conference on the ten relationships, he had already heard four days of reports from the Hubei and Guangdong provincial committees and the Wuhan and Guangzhou city committees. Before and after the speech, the central committee also received written reports sent to Chairman Mao by the Guangdong, Hebei, Hubei, Hunan, Jiangxi, Guangxi, Sichuan and Guizhou provincial committees, the Tianjin City Committee and the committees of various cities under direct provincial jurisdiction.

Not long after the reports by the 34 ministries and commissions began, Comrade Li Fuchun proposed to Chairman Mao that 200 to 300 major factories and construction sites in the construction and communication sectors should also send written reports to the party central committee and to Chairman Mao. Chairman Mao accepted this suggestion. Not long after, several hundred written reports from factories and construction sites began to flow in to Zhongnanhai.

In the days when he was listening to reports, Chairman Mao was extremely tired. Sometimes, after finishing listening to reports, greatly tired, he would say that every day he just "stepped out of bed onto the ground and from there got back into bed." He said that he would get out of bed to listen to reports, handle a few of the daily tasks in between and then, after listening to more reports, climb back into bed. This situation was indeed like this. We can take the day of 15 February as an example. Beginning at 0940, Comrade Liu Lanbo gave him a report on the work of the Ministry of Electricity Industry and this finished about 1300. At 1720, Chairman Mao went to the Qinzhen hall, where he met a government delegation from the Kingdom of Cambodia, led by Sihanouk. At 1910, the meeting concluded and he returned to the Yinian Hall, where he continued

hearing reports. This continued until 1960. In listening to the reports, the tiring aspect was not only the packed schedule and consecutive reports, but also, because the reported data presented by the various economic departments was far from ideal, and comprised just dull details and figures with little background information, listening to the reports was a real strain. On one occasion, when listening to a report by a minister, he knitted his brows, suddenly raised his head and said that listening to the reports "has been an enforced lesson, worse than sitting in prison. At least in prison, one's mind is free. Now, even my mind is not free as it is subject to your direction." "These details of yours must have been obtained from much concrete data. You should clearly set down the specific problems." "If I am invited to a meal and not given meat to eat, the host must be holding something back from me!" "All the reports over the last half month have had this problem." This was another sharp criticism of us in the economic departments following the *Upsurge* notes.

In Chapter 16 of this book, I said that Chairman Mao's compilation of the book *A Socialist Upsurge in the Chinese Countryside* and his listening to the reports of the 34 ministries and commissions can be seen as the two major investigations he conducted after the establishment of the PRC. The two investigations were separated only by a period of one month-plus. The first investigation was already very arduous. Why was it necessary, a little over a month later, to again expend a great amount of energy and put all that effort into a large-scale "report project?" In response to this question, Chairman Mao provided, both in *On the Ten Major Relationships* and in later speeches, a clear explanation. At the beginning of the speech *On the Ten Major Relationships*, he noted: "The ten issues being put forward are all centered on a basic principle, and that is that it is necessary to mobilize all positive elements both domestically and abroad, so that they serve the socialist cause." "It is particularly worthy of attention that recently the Soviet Union has revealed some defects and mistakes in their course of building socialism and they have taken a detour. Do you wish to go the same way? In the past, we used their experiences and lessons for reference and made few detours. Now, naturally we need to take even greater warning." (*Selected Readings from the Works of Mao Zedong* last volume pp 720, 721) In a meeting at Chengdu on 10 March 1958, he said: With the ten major relationships put forward in April 1956, we began to propose our own line of construction. The principles of this are the same as those of the Soviet Union, but the methods differ somewhat, as we have our own contents. At a meeting of the various leaders of delegates to the Second Session of the Eighth CPC Congress on 18 May 1958, he said: The basic viewpoint in the ten major relationships is that of comparing ourselves with the Soviet Union. Can we find different methods faster and better than those employed in the Soviet Union and the various countries of eastern Europe? In the speech "Summing up the Decade", given on 18 June 1960, he further noted: For the first 8 years, we copied the experiences of foreign countries. Beginning with the putting forward of the ten major relationships in 1956, we sought our own road

suited to China, and began to reflect the objective economic patterns of China. These expositions tell us that mobilizing all positive factors, so that they can serve socialist construction, and using the Soviet Union for reference but summing up our own experiences and exploring a road of socialist construction which accords with China's situation, are the basic guiding ideas of *On the Ten Major Relationships* and were also the aim in listening to the reports by the 34 ministries and commissions and the local party committees.

Beginning in 1953, with the assistance of the Soviet Union, our country engaged in large-scale economic construction and we realized very great achievements which surprised the world. However, when we compare this with the socialist transformation, what we created ourselves in the construction sphere was quite little, while we did a bit more ourselves in the agricultural and commercial spheres. However, in the industry (especially heavy industry), planning management, finance and statistical spheres, we basically copied the Soviet Union. This was unavoidable at the time, because we did not have experience in managing a modern economy, our knowledge was insufficient, our economy and technologies were backward and the capitalist countries, led by the United States, had implemented a comprehensive blockade and embargo against us. Meanwhile, the Soviet Union had close to 20 years of experience in managing a socialist economy and their economy and technologies had, relatively speaking, reached a quite high level. At that time, the assistance provided to us by the Soviet Union was indeed sincere. For example: They mobilized the entire Soviet planning and management organs to assist us in producing an outline plan for planned (proportional) construction, and they undertook the task of designing, providing equipment and providing technical guidance for 156 key projects during the First Five-Year Plan. However, after Stalin's death, the events which occurred in the Soviet Union, including the unmasking of Beria, the redressing of some major unjust and false cases, the debate between the strengthening of agriculture and the policy of an economy centered on heavy industry, the change in attitude to Yugoslavia and the sudden replacement of Stalin's chosen successors, allowed our party's Central Committee to successively observe the various problems which existed with Stalin and with the Soviet Union's experiences. As I remember it, Chairman Mao put forward the issue of "using the Soviet Union as warning" at the end of 1955. At that time, we had already accumulated some experience in economic construction. At the same time, we were successively discovering that some experiences of the Soviet Union were not suited to the conditions which existed in our country. Thus, in the same way as during the socialist transformation, whether or not we could proceed from our national conditions, sum up our own experiences and explore a road of socialist construction which accorded with our national conditions, was a major issue which would affect whether or not socialist construction could be smoothly implemented and whether or not the number of detours could be reduced.

The reports by the 34 ministries and commissions happened to begin on 14 February, the same day as the 20th CPSU Congress opened. Khrushchev's report on the Stalin issue was made in the dead of night on 24 February, the final day of the 20th Congress. At that time, they were extremely secretive and only notified our delegation after the conference. Subsequently, they sent Mikoyan on a special plane to deliver the text of the report to us. On coming to learn that the 20th Congress of the CPSU had criticized Stalin, our party's Central Committee convened an expanded meeting of the Political Bureau to specially discuss the issue. In addition, in the reports there were many references to Stalin and the experiences of the Soviet Union, and the idea of "taking warning from the Soviet Union" became much more clearly stated.

II. Major Problems Put Forward in Reports

The contents of the reports made by the economic departments to Comrade Liu Shaoqi and the reports made by the 34 ministries and commissions to Chairman Mao were generally the same. Of the problems brought forward, apart from a large number of professional problems which affected only areas within the scope of the various departments, there were also the following overall problems:

1. Problems of the industrial structure, mainly in the proportional relationships between agriculture, light industry, and heavy industry.

From 1949 to 1955, our country's agriculture, light industry and heavy industry all saw overall growth, but the speed of growth of heavy industry was particularly marked. If we take the gross output value in 1949 as 100, then in 1955, the output value indices for agriculture, light industry and heavy industry were respectively 170.2, 310.7 and 540.5. Of the overall state capital construction investment, the proportion used in the agricultural sector in various years was as follows: In 1952 it was 14.8 percent, in 1953 it was 9.8 percent; in 1954 it was 4.5 percent; and in 1955, it was 6.7 percent. The proportion of investment used in light industry was as follows: In 1952 it was 6.1 percent; in 1953 it was 6.2 percent; in 1954 it was 7.4 percent; and in 1955 it was 5.2 percent. The proportion of the investment which was put into heavy industry was as follows: In 1952 it was 34.3 percent; in 1953 it was 38.8 percent; in 1954 it was 42.4 percent; and in 1955 it was 47.3 percent. In its report, the State Planning Commission noted that during its First Five-Year Plan period, the ratio between investment in heavy industry and investment in light industry in the Soviet Union was 9:1, while in our country the First Five-Year Plan stipulated a ratio of 8:1, (that is, of total industrial investment, 88.8 percent would go to heavy industry, while 11.2 percent would go to light industry) and it was predicted that the ratio could actually fall to 7:1. There were 694 above-norm industrial projects slated for construction during the five-year period and, of these, 65 were light industry projects. However, in drawing up the requirements for the Second

Five-Year Plan, the various departments' investment requirements were too great, which put the squeeze on agricultural investment, while within the industrial investment, the appetite of the various departments for heavy industry projects was particularly great, which also put the squeeze on light industry. According to the Second Five-Year Plan draft proposals drawn up by the various departments, of the overall industrial investment, heavy industry investment would constitute 91.5 percent, while light industry investment would constitute only 8.5 percent. Thereby the ratio between heavy industry and light industry investment would expand to 11:1. The State Planning Commission held that prior to liberation, modern industry constituted only a very small proportion of the national economy and the heavy industry base was particularly weak. Thus, it was correct in industrial construction at the time to take heavy industry as the center. As heavy industry was weak, it needed to catch up quickly, but if excessive stress was placed on it and the proportional relationships became irrational, it would produce undesirable results. Some of the East European countries had already had lessons in this respect. Hungary, for example, during its First Five-Year Plan, had a ratio of 10:1 between heavy industry and light industry investment, with the result that the plan had to be changed in mid-implementation. Czechoslovakia planned that by 1953, average wages would have risen 35 percent over 1948, and this aim meant excess stress was placed on heavy industry. The result was real wage levels in 1953 actually being lower than those in 1948.

In their reports, the Ministry of Light Industry and the Ministry of Textiles detailed the contributions which light industry had made to state accumulation in the previous few years. In 1955, the national tax income from the four products of tobacco, wine, salt and sugar totalled 1.91 billion yuan (New currency—same below), comprising 20.5 percent of the total income from industrial, commercial and salt taxation throughout the country. If the other light industry products were included, the figure would be 25 percent. The amounts which the state obtained annually from light industry departments as compared to the investment in new factories in the sectors were as follows: tobacco factories, 4.4 times; alcohol factories 4.1 times; white spirit factories 2.6 times; sugar factories 1.2 to 1.5 times; medicine factories 1 to 2 times; and fertilizer factories over double. The figures for the ratio between capital construction investment in light industry departments and industrial profits were as follows: In 1953, the ratio was 1:1.9; in 1954 it was 1:2.1; and in 1955 it was 1:3.1. In the report by the Ministry of Textiles, it was noted that to build a new wool-spinning factory (with 10,000 rough-weave spindles and an annual output of 6 million meters of woolen fabric) required a total investment of about 20.7 million yuan, but that after it was put into normal production it would produce 46 million yuan for the state each year, 2.2 times the amount of investment. A newly established printing and dyeing plant with an annual production capacity of 6 million bolts required

an investment of 32 million yuan, but after being put into regular production, it could annually accumulate 38 million yuan in funds for the state. That is to say, in less than a year, the entire investment could be recouped. The problem faced by the light and textile industries was that the investment being put in was small, the equipment of the existing enterprises was outdated, potential could not be brought into play and the product output, quality and types of products were far from able to satisfy demands of the market. Some of the equipment needed by the light industry departments could not be supplied by the machine-building departments, and the agricultural product materials which they needed could not be provided in the required quantities or at the needed quality. Through the reports, it was discovered that everyone was very clear on the idea that heavy industry was the center. However, because of the influence of the Soviet Union model, even the comrades of the light and textile industries and local industrial departments had worries about accelerating the development of the light and textile industries.

2. Problems of deployment of the productive forces, mainly in terms of the relationship between coastal industry and hinterland industry.

In the report of the State Planning Commission, it was pointed out that in the deployment of industry, apart from considering resources, materials and transport conditions, it was also necessary to consider the relationship between the coastal areas and the hinterland. The coastal areas referred to the various cities south of Changchun and east of the Beijing-Wuhan and Guangdong-Wuhan railways, including the whole of Guangdong (later, on the basis of Chairman Mao's idea, this was expanded to include Guangxi), as well as the cities along the railway line from Beijing to Zhengzhou. According to 1952 statistics, the industrial output value of the various coastal provinces and cities in our country constituted about 70 percent of total national industrial output value, while the hinterland output comprised only about 30 percent. About 80 percent of the iron and steel industry was situated in the coastal areas, and was particularly centered on Anshan in Liaoning. Meanwhile, places like Inner Mongolia, the southwest, the northwest and central China, where the iron ore resources are very rich, had very weak iron and steel industry bases. Over 80 percent of the spindles and 90 percent of the looms of our country's textile industry were located in the coastal region, with the majority being centered on Shanghai, Tianjin, Qingdao, and a few other industrial cities and their environs. Meanwhile, there was very little modern textile industry in the various major cotton-producing areas. This irrational industrial deployment reflected old China's semifeudal, semicolonial nature. Proceeding from a rational deployment of industry and national defense and security considerations, there were conditions imposed on new capital construction in the coastal areas and there was a requirement that new projects mainly be built in the hinterland. The focus of the first five years was on

building new industrial areas in north China, the northwest and central China. The idea at that time was to strive during the Second Five-Year Plan, to build two industrial bases in these regions with the Baotou Iron and Steel Works and the Wuhan Iron and Steel Works as the centers. Thus, during the First Five-Year Plan, the vast majority of the 694 above-norm industrial construction projects were located in the hinterland and only a few were located along the coast. It should be stated that this deployment accorded with the conditions in our country at that time.

The data in the reports by comrades from the various ministries and commissions showed that in the first few years following the establishment of the PRC, coastal industry played a very great role in promoting national industrial construction and overall national economic development. According to statistics, from liberation until the end of 1955, the profits realized by Shanghai City were equivalent to 20.9 percent of total national capital construction investment during the First Five-Year Plan. The profits realized by Tianjin City, if used in industrial production, could have been used to build 36 10,000-spindle textile mills or 72 beet-sugar mills each capable of producing 25,000 tons of sugar annually. At that time, the equipment, materials and the vast majority of light industrial products supplied domestically were produced in the coastal areas. The steel products produced by Anshan Iron and Steel Works in 1955 supplied the needs of over 2,000 production and construction units around the country. They successfully trial-produced over 370 types of new products, which greatly speeded the pace of construction of Baotou Iron and Steel Works, Wuhan iron and Steel Works, the No. 1 Vehicle Plant, the Luoyang Tractor Works, and other such projects. At that time, one-third of the gauze yarn and cigarettes sold throughout the country were produced in Shanghai, while over 60 percent of daily-use industrial products were produced in Shanghai. The coastal provinces and cities also sent a large number of technicians and technical workers to the hinterland. It was very clear that without positively utilizing and developing coastal industry, it would not be possible to develop hinterland industry on a large scale. In the State Planning Commission's report, it was pointed out that the industrial bases of many coastal provinces and cities were quite good, that from 1951-1953 development was quite smooth, but that after 1954, there had been many difficulties. The reason for this was that, because of national defence and security considerations, new factories were not being built in the coastal areas and development was restricted. The Ministry of Industry pointed out in its report that expanding and renovating existing enterprises would save 25-30 percent of the investment required to build new factories. This was a correct avenue for fully utilizing local resources, bringing into play the potential of existing enterprises, raising labor productivity and reducing product costs. However, because the majority of the light industry enterprises were in coastal areas, and because of the national defence

and security considerations, they did not dare to carry out major renovation or expansion.

3. Problems of the scale and speed of national defence construction. These were, on the economic level, actually deeper-level problems of the industrial structure. That is, they were problems of the relationship, within heavy industry, between the national defence industry and the civilian-use industry.

Because of the serious international confrontation at that time between the two camps of capitalism and socialism, together with the heightening of the tension in the Taiwan Straits in 1954 and 1955, in the beginning of 1956, while working out and drawing up the Second Five-Year Plan and the 15-year long-term plan, our country was operating on the idea that the aim of our country's national defence industry construction was to achieve a situation by 1961 whereby maximum wartime needs could be satisfied. According to this idea, in each of the four years from 1956 to 1959, it would be necessary to build 50 large-scale national defense industry factories. Clearly, this was impossible. Later, the State Planning Commission and relevant departments discussed this and pushed back to 1964 the time when the volume of maximum needs was to be met, and decided that 30 percent of the products for satisfying the maximum needs volume would be provided by civilian-use industrial departments mobilized for the purpose in wartime, and 70 percent would be produced by the national defense industry. Even such arrangements were still extremely demanding. Because of the swift schedule and the centralized peak period, the available investment, materials, equipment, and technological strengths were far from able to satisfy needs. The acceleration of the national defense industry also induced a speeding up of construction of generating stations, and iron and steel, chemical industry, oil and civilian-use engineering facilities, and even the production of alcohol, rubber, glycerine, and other light industrial products also accelerated. This led to an overall tightening of the entire industrial sector. In its report, the State Planning Commission asked Chairman Mao to consider this problem. The State Planning Commission held that we needed to consider capabilities as well as needs, so that there was a correlation between personnel, material and financial resources on the one hand and the scale of construction on the other. It held that this was essential in both civilian-use industrial construction and national defence industrial construction. If the scale of national defence industrial construction was too great, and its requirements too pressing, it would lead to overall tightness in all industrial construction. This was one of the most acute problems brought forward in the reports by the 34 ministries and commissions.

4. Economic structural problems. These were mainly problems in terms of the distribution of rights, responsibilities, and interests between the state, the collective, and the individual.

In the report of the Fifth Office of the State Council, the problem of enterprise autonomy was put forward from the angle of enterprise financial management. The report noted that at that time the state had implemented in enterprises the method of unified receipts and expenditure, and that all of the revenue of enterprises was handed up to the financial administration, while all of the expenditure was met by the financial administration. How much revenue an enterprise earned and whether it could complete its revenue tasks was unrelated to its own expenditure. This method played a definite restraining role in terms of urging enterprises to concern themselves with their own income and in terms of better bringing into play enterprises' enthusiasm for increasing revenue and reducing expenditure. For example, in capital construction, each allocation was for use in a special project. In the actual work, some projects had insufficient money while others had a surplus. Some temporary expenditure needs were met, but enterprises had no right to readjust the funds, and they needed to get approval from upper levels. The result was that some things which should have been done were not done in a timely way and thus funds could not be expended. The systems at that time stipulated that directors or managers of state-run factories only had the right to approve additional expenditure for amounts ranging from 200 to 500 yuan (new currency), depending on the size and nature of the enterprise. The figure for state-private joint enterprises was even less. For amounts in excess of these, they had to report and obtain approval. Any purchase in excess of 200 yuan in value was considered a fixed asset and had to be included in capital construction. This both interfered with production and restrained the enthusiasm of enterprises, and assisted the growth of bureaucratism in the higher-level organs. In both oral and written reports, the provinces, cities and enterprises spoke much about this problem.

In the report by the Seventh Office of the State Council, the problems of accumulation by the agricultural production cooperatives themselves and reminding all industries and departments to use manpower sparingly were brought forward. The report noted that the agricultural production cooperatives had just been established, but there was a tendency for upper-level departments to require the cooperatives to do all sorts of nonproduction work. In some areas, the agricultural cooperatives were being asked to do dozens of types of work. However, the upper-levels did not pay money for this work, and just instructed the agricultural cooperatives to allocate work points within the cooperative. This lack of concern for the people's labor interfered with the beginnings of accumulation by the agricultural cooperatives themselves and great vigilance was urged in the report.

In their reports, the State Planning Commission, the Ministry of Labor and some specialized departments noted the problem of the wages of staff and workers. According to statistics from the Ministry of Labor, over the period from 1952 to 1955, industrial labor productivity grew 41.8 percent, while the average money wages

of staff and workers rose only 14.7 percent. Actually, as the cost of living grew 7.3 percent, the actual increase in the level of wages was 6.9 percent, far lower than the growth in labor productivity. In the two sectors of light industry and textiles, which contributed quite great accumulation to the state, the real wages of staff and workers actually declined. In their report, responsible comrades from the Ministry of Labor noted that they usually only paid attention to labor productivity rates and did not pay sufficient attention to the questions of improving the lives of staff and workers or raising wages. In wages work, there were a large number of restricting measures, and very few encouragement measures. Also, they only concerned themselves with nominal wages and did not pay attention to real wages. In the written report made to Chairman Mao by the party committee of the Shijingshan Iron and Steel Works in Beijing, it was noted that the Shijingshan Iron and Steel Works was an old factory established in 1920 and that at the time of liberation in December 1948, it had declined and waned. After liberation, with the assistance of experts from the Soviet Union, the equipment was renewed and production saw swift development. By 1952, the output volume of pig iron had grown 12.1 times over 1949, but there had been little improvement in the lives of the staff and workers. According to a report in early 1956, 13 percent of the staff and workers throughout the factory had a family-member average income of less than 8 yuan, while 29 percent had a family-member average income ranging from 8 to 10 yuan. Many families were not getting enough to eat. Housing was even more of a problem. The workers criticized the leaders for "only concerning themselves with the smelters and not worrying about the workers."

The report of the Fifth Office of the State Council also spoke of the lives of the peasants. The report noted that over the previous few years, the peasants had not been shouldering very heavy tasks. The ratio between agricultural tax and its surcharges on the one hand and peasant income on the other was as follows over the years: In 1952, it was 13.2 percent; in 1953 it was 12.12 percent; in 1954 it was 12.96 percent; and in 1955 it was 11.53 percent. If we exclude the agricultural tax and its surcharges, and further deduct the other taxes paid by peasants (slaughter tax, livestock trading tax, government bonds and insurance charges), the net per-capita income of the peasants was 70 yuan in 1952 and 82 yuan in 1955. According to a typical survey comparing 1955 to 1950, the exchange price scissors between industrial and agricultural products was reduced by about 18 percent. Because of the land reform and the removal of the land rent burden, which constituted about 25 percent of the gross output volume of agricultural products, and also because of the reduction of exploitation by high-interest credit, brokers, local customs posts and the usury of the merchants, the real benefits obtained by peasants after liberation cannot be measured using only the price scissors between industrial and agricultural

products. This was the only section in all of the reports by the 34 ministries and commissions to mention the lives of the peasants.

5. The problem of state management systems for the economy and other undertakings, and especially the problem of relations between the center and the localities.

The State Planning Commission and the Fifth Office of the State Council mentioned this problem in their reports.

The State Planning Commission said that at that time, the various provinces and autonomous regions were widely required to operate more factories. Shanghai and Tianjin were required to develop high-grade products. Guangdong and Guangxi were required to develop sugar and paper. Sichuan was required to run factories producing sugar from sugar-cane. Yunnan and Guizhou were required to develop the foodstuffs industry and tropical crop processing factories, and some other distant border areas were required to run livestock product processing factories. However, the localities not only were interested in operating light industry but also had an interest in operating heavy industry, such as small coal mines, small electricity generating plants, small fertilizer plants, small machine-building plants for producing and repairing agricultural tools, and so on. However, they had two worries: 1) They were worried that the central authorities would not allow them to do this. 2) They were worried that if they did get factories up and operating well, the factories would be taken away by the central authorities. It was noted that in future, if light industrial development was to be very great, it would be impossible to have two or three ministries running the whole show. Thus, it was proposed bringing the enthusiasm of all sides into play. It was necessary to bring into play the enthusiasm of the various central departments, the localities, various hinterland provinces and autonomous regions and also to bring into play the enthusiasm of the various coastal provinces and cities; it was necessary to bring into play the enthusiasm of the advanced regions and also bring into play the enthusiasm of the backward regions.

The report by the Fifth Office of the State Council noted that at that time, the Ministry of Finance annually handed down budget targets, and that the various managing departments of the central authorities also handed down their own targets and requirements. The revenue and expenditure items were set down in very great detail. Although the localities were allowed to carry out readjustment between "similar items," those who were to receive the funds welcomed them, while those who were to lose the funds resisted the transfer of funds. Thus, finally, there was a need to ask for instructions from the upper levels. The localities' right to make readjustments was thus actually very limited. At the time, the provincial-level financial administration revenue only included three items: A 5 percent agricultural tax surcharge, a 3 percent general reserve fund, and the funds they raised themselves. The income from none of these items was very much. Apart from these three items, there was no

difference between provincial-level financial power and that of central-level budgeted units. The counties and townships had even less financial power. This produced a situation where when a county wanted money it had to ask the province and when the province wanted money it had to ask the central authorities. Thus, the local officials said that while there were nominally four levels of financial administration (central, provincial, county and township), actually there was only one and a half. The only complete level was the central level, while the provinces had a half level of financial administration. This was very disadvantageous to motivating the enthusiasm of the localities for organizing financial revenue. The proposal that localities not be required to hand up surpluses, which was put forward at the 1953 national financial and economics meeting, was beneficial to encouraging localities to do more in increasing revenue and reducing expenditure. However, as it was difficult for the localities to exercise their readjustment rights, when they came to readjusting items or projects, they requested instructions from the central managing departments. By the time the reply came back from the managing department, the opportunity had already passed and the money they should have expended during the year could not be spent. Thus, it had to be considered a year-end surplus and be handed up to the central authorities. The central authorities then considered this surplus in the following year's budget and it was set off against the following year's allocation. After 1953, the year-end surpluses were increasingly great and in 1955 the accumulated amount was 3 billion yuan. This situation was very intimately related with the fact that the localities had no readjustment rights. Such a system not only restricted the enthusiasm of localities for increasing revenue and reducing expenditure, but also meant that many things which should have been done were not done. In brief, the central Ministry of Finance and the various managing departments managed local national economic planning, undertaking targets and financial revenue and expenditure much too tightly and in a much too detailed and centralized way. This fettered the enthusiasm of the localities. The report noted that such a large country as China had the potential to be able to organize a great amount of revenue and that if stress was placed on bringing into play the enthusiasm of the localities, income could be increased.

The oral and written reports presented by the provincial and city committees included strong reaction against some systems which fettered the enthusiasm of localities, and they provided many examples of this in the areas of personnel, finances and materials. For example, in its report, the Tianjin City committee said that the cadres from central managing departments managed things even down to the workshop level. In 1954, the education departments of Tianjin City brought their enthusiasm into play and recruited some more school-age children as primary school students. The central managing department did not agree to this and it was only after repeated intervention from the city committee that the managing department agreed. It was originally stipulated, in the

management of commodity prices, that the Ministry of Commerce would manage 51 types of products and the general companies would manage 208 types. In fact, the general companies managed the prices of 509 types of products, including over 300 commodities which should have been managed by the localities. This meant that there was no way that the localities could engage in balancing industry and trade.

On 10 March 1958, at a meeting in Chengdu, Chairman Mao noted: "Of the ten major relationships, the five relationships between industry and agriculture, the coastal areas and the hinterland, the center and the localities, the state, the collective and individuals and national defense construction and economic construction are the major relationships." The basic data on these five relationships was provided by the reports of the 34 ministries and commissions.

Apart from the five problems noted above, the reports also brought forward other problems, which can be basically summed up as whether or not it was appropriate to follow the Soviet Unions and, if so, how.

III. From Listening to Reports to Expounding on Ten Major Relationships

While listening to the reports, Comrade Shaoqi put forward the ideas that it was necessary to stress developing light industry and agriculture, to stress bringing into play the potential of coastal industry, to stress bringing into play the enthusiasm of the localities, to stress bringing into play the roles of technical personnel and that, in studying the Soviet Union, there were things which should be studied and things which should not be studied. These ideas provided important reference for Chairman Mao when he came to sum up the ten major relationships.

On 14 February, when Chairman Mao was listening to my report on the work of the Third Office of the State Council (the first of the 34 reports by ministries and commissions), I made some opening remarks about bringing into play the enthusiasm of the localities. He said: "Last year, I went on several trips and spoke with comrades in the localities. They revealed a dissatisfaction and they all felt that the central authorities were restricting them. They noted that there were contradictions between the localities and the central authorities and that there were various things that the central authorities would not hand down and let them manage. They are the localities and you are the departments. Your innumerable departments extend downwards, but your requirements are not uniform. Also, you do not advise the localities of things. The various requirements they put forward are not approved by you and this restricts them. Zeng Xisheng had lots of ideas to put forward, many ideas on the Ministry of Commerce and many comments on the refusal of approval for them to operate a fertilizer factory. Is it thought that if there is not a certain amount of restriction, a situation of anarchism will appear? The departmental divisions are seen in the organs of the various localities. Are there any

localities which are not subject to their supervision?" "You all come from the localities, but when you come to the center, you speak in the language of the center. Say those things which you should say, but you must let them supervise you." When listening to the reports by the various ministries and commissions, Chairman Mao made all sorts of lively interjections. These statements and interjections were undoubtedly the ideological sparks which gave rise to the idea of the ten major relationships.

For example, on the questions of stressing the development of light industry and coastal industry, while listening to the reports by the Ministry of Light Industry and Ministry of Textile Industry, he clearly pointed out: "You do not have great ambitions and you are not strongly competitive." "You are too used to kingly ways and employ too little of the way of might. You are like a young daughter-in-law who does not dare to fight." "The heavy industry departments are actively grasping their work. You, too, should actively grasp your work. You have the reasons, now use your power." While discussing the machine-building industry departments being unable to satisfy the machine needs of the light industry departments, Chairman Mao said: "Everything which heavy industry does not do, you should do yourselves. You can do it yourselves first and then later hand it over." When talking about the decline in the quality of the tobacco leaves and other materials being supplied by the agricultural departments, he said: "You are too calm and too accepting. You have no spirit, have not yet grown horns and dare not struggle. If the quality of the agricultural products declines, go and struggle with the agricultural departments." When the report noted the policy of restriction of coastal industry because of national defense and security considerations, Chairman Mao said: "The coastal areas must be fully and rationally developed. There must be no restriction." "Some comrades act as if a war was coming and prepare themselves for the war. It is thus that they want to restrict the coastal areas. This is not right. Seventy percent of light industry is in the coastal areas. If this is not actively utilized, how will we be able to increase production? It is worth thinking about not engaging in major construction in the Shanghai region. Perhaps Shanghai could make the money and the factories could be built in the hinterland. This would not be contradictory with the basic policy of placing new factories in the hinterland."

As a further example, on the question of studying foreign countries, when listening to the various heavy industry departments, Chairman Mao pointed out: It is necessary to study the advanced experiences of all countries. It is necessary to send persons to the capitalist countries to study technology. Be it Britain, France, Sweden or Norway, if they will accept our students, we will go there! In studying from the Soviet Union, we must not just have blind faith in them. We must study that which is correct and not study that which is incorrect. The Soviet Union's Ministry of Internal Affairs is not subject to the party's leadership, and their military units and enterprises practice a system of "one-man leadership". We

will not study these things. This term "one-man leadership" suggests dictatorship. In the past, the Soviet Union had a Ministry of Cinema, but did not have a Ministry of Culture, just a Culture Bureau. Conversely, we had a Ministry of Culture, but did not have a Ministry of Cinema, only a Cinema Bureau. Some people said that our difference with the Soviet Union was a mistake in principle. Later, the Soviet Union changed and followed us. They established a Ministry of Culture and a Cinema Bureau and abolished the Ministry of Cinema. Originally, the Soviet Union had separate schools for girls and boys and said that such a system was of very great benefit. However, now they have coeducational schools. Thus, in studying the Soviet Union, we need to carry out specific analysis. When we carried out land reform and the transformation of industry and commerce, we did not follow the Soviet Union. Comrade Chen Yun in managing financial and economic work did not employ all of the Soviet Union's methods. In brief, "we must break down blind faith, whether it is blind faith in China or blind faith in foreign countries. Our later generations must also break down any blind faith in us."

After the 34 ministerial and commission reports were concluded, the political bureau held several meetings to carry out discussion and summing up. Because the arrangement of socialist construction in our country was closely related with the international situation, it was necessary to consider the relationship between national defense construction and economic construction, and the relationship between coastal industry and hinterland industry, and also to appraise the possibility of war erupting in the future. Thus the discussions in the political bureau, apart from summing up the ten major relationships, placed stress on analyzing the international situation and appraising the likelihood of war erupting. In 1955, there were two major international meetings which were very influential. The first was the Asian-African Conference held in Bandung, Indonesia in April, at which was put forward the ten principles for promoting world peace and cooperation. The other was the Geneva Conference which was held from April to July and which achieved a ceasefire in Indochina. Because of the success of these two conferences, the influence of the forces for world peace and cooperation was strengthened, meaning that imperialism would not dare to start hostilities lightly. At the end of 1955 and early 1956, our party central committee gradually came to feel that the international situation was moving towards detente. The political bureau meeting held that a new war or invasion against China or a world war would not erupt in the short term, and that there would be a period of peace extending for 10 years or more. According to what was transmitted in Premier Zhou's speech at the Second Plenary Session of the Eighth CPC Central Committee on 10 November 1956, on the basis of the above analysis, "Comrade Mao Zedong proposed at the meeting of the political bureau that now we should slow the pace of national defense industry development, and place stress on strengthening the metallurgical industry, machine-building industry and chemical

industry, so as to strengthen our base. On the other hand, we must develop the atomic bomb, guided missiles, remote control equipment and long-range aircraft, while efforts in other projects can be relaxed somewhat." (*Selected Works of Zhou Enlai*, Last Volume p 236)

In the First Five-Year Plan following the establishment of the PRC, military expenditure comprised 24 percent of national budgetary expenditure. The idea of the political bureau was to reduce this in the Second Five-Year Plan to below 20 percent, perhaps to 15 percent, to allow more funds to be used in economic construction. The political bureau meeting decided to slow the pace of development of the national defense industry, so that the various economic ratios could be better arranged. This was an important link in arranging the ten major relationships and especially in the first five major economic relationships.

From 25 to 28 April, the political bureau convened an expanded meeting. On 25 April, Chairman Mao read *On the Ten Major Relationships* for the first time and, after he spoke, there were three days of discussion.

On 2 May, Chairman Mao convened the Supreme State Conference. In the morning he read *On the Ten Major Relationships* for the second time and in the afternoon it was discussed. After the discussion, there was a summing up.

The records of the two speeches on the ten relationships show that the 10 headings were the same, but there were some differences in the contents. In the speech of 25 April, the criticisms of Stalin were more pronounced, while in the 2 May speech, there was more stress on theoretical analysis, and it was supplemented with some of the ideas put forward in the three days of discussion of the expanded meeting of the political bureau and in the four days of reports by provincial and city party committee secretaries.

On 27 December 1965, in accordance with a suggestion by Comrade Shaoqi and with the approval of Chairman Mao, the central committee issued *On the Ten Major Relationships* as an inner-party document to party members at the county and regimental levels and above for their study. The version which was issued at that time was based on the 25 April speech, with a few parts from the 2 May speech drawn in. When it was being prepared, his criticisms of the Soviet Union and the countries of East Europe in respect of their handling of the relationships between agriculture, light industry and heavy industry, and in their handling of nationality relations, his criticism of Stalin, as well as his comments on the overly high appraisal of the danger of war, on overlooking the development of coastal industry and on the copying of some defects and mistakes of the Soviet Union were all omitted.

In 1975, while managing routine matters of the central committee, Comrade Xiaoping proposed to Chairman Mao a rearrangement of the speech *On the Ten Major Relationships*. The rearranged version was sent to Chairman Mao by Comrade Xiaoping on 13 July. Chairman Mao responded: "Approved. It can be printed

and issued for the comrades of the political bureau to read. We will not issue it publicly for the moment. It can be issued to the entire party for discussion but should not be published in newspapers. When the selected works are published, it will be made public."

This work of rearranging the speech was completed under the direction of Comrade Hu Qiaomu. This rearranged version truly manifested the main spirit of "taking warning from the Soviet Union and summing up our own country's experiences" as it appeared in the first speech. It restored many of the contents which had been omitted in the 1965 version and the style of writing also saw much editing. However, in consideration of the domestic and international situation at that time, there were still some specific contents which were omitted. Here, I will, on the basis of the records of the two speeches (mainly the first speech), fill in a few of the details in respect of taking warning from the Soviet Union and about the international situation.

When talking about the question of the relationship between coastal industry and hinterland industry, Chairman Mao said: If we have 10 or 12 years, we should of course get the coastal factories running well. Even if we only have eight, seven, six, or even just five years, we should spend four years getting the coastal industries running well and then, in the fifth year, when they are operating well, we will be able to transfer them. This makes perfectly good sense." When criticizing some comrades for not daring to engage in industrial production in the coastal areas, he also said: "They act as if there is already an atomic bomb 3,000 meters above us. Not only is there no atomic bomb 3,000 meters above us, but there is not even one 10,000 meters above us."

When talking about the relationships between economic construction and national defense construction, Chairman Mao said: "Now the whole world is talking about reducing military expenditure and developing peaceful economies. Britain and France are saying the most about this, but the United States is sometimes forced to talk about it, too. We are now in a period of peace and it is not right for the proportion of military expenditure to be too great." When analyzing the situation of our People's Liberation Army, he criticized Stalin's mistakes during the early period of the war to safeguard the country. he said: "In the Red Army at that time, because of the expanded elimination of counter-revolutionaries, the cadre ranks were crippled. Because the guiding strategic ideology was to keep the enemy beyond the borders of the country, there was no construction of fortifications and they were prepared to attack but not to defend. This resulted, when Hitler invaded, in them being unable to defend against him. They had no option but to follow Zhuge Liang's idea that, of the 36 tactics, withdrawal was the best one, and they withdrew continually. In this respect, we are today stronger than they were at that time."

When talking about the relationship between the state and the nation, Chairman Mao criticized the mistake of

the Soviet Union in implementing the system of obligatory sale of agricultural products. He said: "It is said that right up to the time of the 19th Congress, the grain output of the Soviet Union had not reached the peak level achieved under the tsars. If this is indeed so, where are the benefits of collectivization and mechanization? How can we talk about the socialist system being superior to the tsarist system?" Here, I wish to explain a few things. According to the data contained in *National Economic Yearbook of the Soviet Union*, from 1929 to 1940 in the Soviet Union, industry grew at an average annual rate of 16.8 percent. In the same period, none of the capitalist states such as Japan, the United States, or Germany had growth rates above 10 percent. Within 13 years, steel output grew from 4.3 million tons to 18.3 million tons. It was because of this rapid growth in industry and especially in heavy industry that they were able to achieve victory in the war against fascism. In this respect, the superiority of socialism is obvious. However, because of the compulsion and commandism in the collectivization and the errors in agricultural policies, the superiority of socialism was not clearly brought into play, at least in the areas of collectivization and mechanization of cereal production. In 1913, the cereal output of Tsarist Russia was 86 million tons. The output in 1953 was 82.5 million tons, certainly lower than the highest figure of Tsarist Russia. However, from 1951 to 1955, the average annual output reached 88.5 million tons, showing that in each year the output figure reached or exceeded the highest level during the tsarist period.

When talking about the relationship between the central authorities and the localities, Chairman Mao said: "Our constitution stipulates that the localities have no legislative power, and that legislative power is centralized in the NPC [National People's Congress]." "This article was copied from the Soviet Union. When we were drafting the constitution, I asked some comrades: Should we write this into the constitution. It is said that this is what is followed in the Soviet Union and also in some capitalist countries. But the United States, it seems, is different. The U.S. states can legislate and state legislation can contest with federal legislation. For example, their constitution does not have any article expropriating the rights of black people, but some state legislation does have such provisions. It appears that, in the areas of financial and taxation matters, the legislation differs between one state and another. The United States is a very developed country and yet it only has 100-plus years of development. This question is very worthy of our attention. We hate U.S. imperialism, and imperialism is certainly bad. But there must be some reasons for it being able to become such a developed country. We can study its political system. It appears that we should also expand the power of localities somewhat. If the power of localities is too small, it will not be advantageous to socialist construction." The idea that "if the power of localities is too small, it will not be advantageous to socialist construction" has major guiding significance in structural reform. Unfortunately, we went to extremes in 1958 and great power was handed down. For

10-plus days the vast majority of central enterprise and institutional units were handed down to localities and this produced chaos. After this, not a great amount of attention was paid to expanding the power of localities. It was only in the reforms following the Third Plenary session of the 11th CPC Central Committee that attention was given to resolving this problem. The aims of expanding the autonomy of localities were to overcome the problems brought by central powers being overcentralized, and to fully motivate the enthusiasm, initiative and creativity of the localities in economic and social development. Expanding the power of localities must of course be done appropriately. It must have as a precondition, that it does not affect the state's necessary centralization and unity and does not give rise to a situation where there is regional separatism or semiseparatism.

When talking about the relationship between the party and those outside the party, Chairman Mao said: On this point we are different from the Soviet Union. They destroyed everything and completely eliminated other parties and factions, leaving only the communist party. They very rarely listened to other ideas. Chairman Mao drew on the lessons provided by the Soviet Union, summed up our country's historical experience of alliances between various parties, and put forward the famous idea of long-term coexistence and mutual supervision between the various democratic parties and the communist party.

When talking about the relationship between revolution and counterrevolution, Chairman Mao said: "I do not know what Stalin was thinking about in his actions. When he arrested someone, he had them killed, and in this he made a big mistake. Actually Trotsky did not have to be driven away and Zinoviev did not need to be killed. At least he could have given them a position of the political consultative committee!" "It is particularly important to note that if one does not cut off heads one can avoid making mistakes. A person's head is not like chives, which grow back again after you cut them. If you make a mistake in cutting off a head, there is no way to rectify the mistake." "Stalin said that counterrevolutionary activities will become increasingly frequent. This is incorrect. Actually counterrevolutionary activities will become less frequent rather than more frequent." As to the claim that class struggle will become more acute, "this is true at a certain time", "but after this time, it is not the case that it will become more acute."

When discussing the relationship between right and wrong, Chairman Mao said: "I think on this point, Stalin was a bit like Grandpa Zhao. As soon as someone made a mistake, they were killed. There was no real distinction between mistakes and counterrevolution, and many people were killed wrongly. We must bear this message in mind."

When talking about the relationship between China and foreign countries, Chairman Mao placed stress on the mistakes made by Stalin on the question of the Chinese revolution. He said: "The Wang Ming leftist adventurism

during the latter period of the Second Civil War and the Wang Ming rightist opportunism in the early period of the war against Japanese aggression both originated with Stalin. During the period of the war of liberation, initially he would not allow revolution. He said that if we engaged in civil war, there was a danger of the Chinese nation being exterminated. (He put this idea forward in a telegram issued not under the name of the All-Union Communist Party, but that of the party organization of the Belorussia Republic, and transmitted it through the central committee of the All-Union Communist Party—Note by Bo). When the war began, he half trusted us and half doubted us. When the war was won he still suspected that ours was a Tito-type victory. In the two years of 1949 and 1950, he exerted great pressure on us. At that time, apart from the comrades within the party, the only person in the whole world who defended us every day was Chiang Kai-shek. Without pay, he provided voluntary propaganda for us, saying that we were not Titos. In talking about Stalin, we get extremely angry. However, we still hold that his mistakes only constituted 30 percent of his actions, while his achievements constituted 70 percent of his actions. This is fair." The Yugoslavian Communist Party was expelled by Stalin from the Communist Information Bureau in 1948. In Stalin's view, Tito was not listening to him and was thus turning his back on communism and internationalism.

These unpublished materials show that at that time, Chairman Mao and the central committee had a quite sober understanding of Stalin's mistakes. The article "On the Historical Experiences of the Dictatorship of the Proletariat" which was published on 5 April in that year, clearly showed the principled stand of our party. This is known by all. As to the various specific criticisms of Stalin noted above, the fact that they were not made public was entirely due to the desire to safeguard the solidarity of the international workers' movement, and to avoid giving people an excuse to start rumors. These internal criticisms were later reported by our party's Central Committee to the CPSU central committee.

IV. New Style Brought by Exploration

The speech "On the Ten Major Relationships" provided an initial summary of the the experiences of our country's socialist construction and put forward the task of exploring a road of socialist construction suited to China's national conditions. This was a representative work by Chairman Mao on the issue of socialist construction. As Comrade Deng Xiaoping said in a letter to Chairman Mao on 10 July 1975: "This is an extremely important work. It has very great specific and guiding significance both at present and for the future." Several of the important principles put forward in the speech, such as the need to maintain rational proportions between heavy industry, light industry and agriculture, the need to fully utilize the coastal industrial bases, the need to fully bring into play the enthusiasm of localities, and the need to correctly handle the relationship between the state, the collective and individuals, were

adopted as guiding ideas in the Eighth Congress's proposal for the Second Five-Year Plan. However, as Premier Zhou noted in his speech at the Second Plenary Session of the Eighth CPC Central Committee: "These questions of the ten major relationships cannot be resolved simply by putting the relationships forward. Specific forms of resolution must be sought in future practice by putting continued efforts into adopting specific measures and opposing mistaken tendencies." "For example, what are the appropriate proportions between agriculture, light industry and heavy industry? It is not possible to fully answer this question at present. There needs to be repeated exploration before the proportional relationship between these three can be appropriately arranged. What might be appropriate at one time will need to be revised at another time." (*Selected Works of Zhou Enlai*, Last volume pp 231, 232) The important thing was to put forward principles for handling the relationships between these aspects.

Chairman Mao took the lead in exploration and this had a great influence both within the party and in ideological theory circles. In 1956 and for a few months at the beginning of 1957, in our party there appeared an atmosphere of study and exploration. I believe that this was very fruitful, and the atmosphere of exploration in the ideological theory circles was very lively. The appearance of this new style was intimately linked with Chairman Mao taking the lead in exploring the ten major relationships and, in the process of exploration, putting forward the principle of "letting a hundred flowers blossom and a hundred schools of thought contend."

In our country's scientific and cultural spheres, because they were subject to the influence of the crude style of the Soviet Union's academic criticism and the harmful effects of its dogmatism, factionalism and formalism, the phenomenon whereby one school was promoted and the other schools repressed existed to a quite serious degree. For example, in genetics and biology, the Soviet Union's Lysenko school was forcibly promoted, while the Western Mendel-Morgan school was prohibited. Also, there was the wild affixing of political labels, for example by saying that Lysenko's theory and Michurin's theory were "socialist", while the Mendel-Morgan theory was "capitalist." In the literary and art sphere, there was the same problem in the way the different schools were viewed. Taking warning from this, at the expanded meeting of the political bureau called to discuss *On the Ten Major Relationships* on 28 April 1956, Chairman Mao put forward the idea of wanting to implement a policy which "let a hundred flowers blossom and a hundred schools of thought contend." Back in 1951, when the China Traditional Opera Institute was established, Chairman Mao wrote the dedication "Let a hundred flowers blossom, weed through the old to bring forth the new." In 1953, the Chinese Historical Research Committee was established. When Chen Boda, who was the head of this committee, requested instructions from Chairman Mao in respect of the guiding principle of the committee, Chairman Mao said it must "let a hundred

schools of thought contend." On 28 April 1956, at the expanded session of the political bureau when Chen Boda made a speech and mentioned this, Chairman Mao said: " 'Let a hundred flowers blossom and let a hundred schools of thought contend.' I think this should become our policy. In the arts sphere, a hundred flowers will blossom, while in the academic sphere a hundred schools of thought will contend. In the academic sphere, one theory will be able to coexist with other theories. We must not use one theory to suppress other theories." On 2 May, at the Supreme State Conference where the ten major relationships were spoken of for the second time, Chairman Mao, when summing up the discussions clearly declared: "The policy of letting one hundred flowers blossom in the arts sphere and a hundred schools of thought contend in the academic sphere are necessary. We have already spoken of this. The idea of a hundred flowers blossoming was put forward by the art and literature circles. Later some people asked me to write a few words. Thus I wrote 'Let a hundred flowers blossom, weed through the old to bring forth the new.' Now, has not the spring come? We should let a hundred flowers blossom, not just let a few blossom and forbid others to blossom. This is called letting a hundred flowers blossom. Letting a hundred schools of thought contend refers to the various schools of thought and their exponents during the period prior to the Han dynasty. During the Spring and Autumn and Warring States periods, a period over 2,000 years ago, there were a large number of theories. Everyone was allowed to debate freely. Today, we also need this." "We should, within the scope permitted by the PRC Constitution, allow all academic ideas, the correct and the erroneous, to be expressed. We should not interfere with them regardless of whether they are Lysenko or anti-Lysenko. There are many sorts of theories, and diverse sorts of natural sciences and social sciences. There is this school and that school. Let them all talk. Let them all put forward their ideas in periodicals and newspapers."

In the early years after the establishment of the PRC, we studied the Soviet Union's experiences in many respects. Although this was necessary, it must be said that in the study, there was a certain amount of doctrinairism, and a certain amount of blind faith in Stalin. After the 20th Congress of the CPSU revealed Stalin's errors, Chairman Mao criticized Stalin in many respects. This undoubtedly played a role in breaking down the blind faith and liberating thought. After the exploration of the ten major relationships, he quickly followed up by putting forward the policy of "letting a hundred flowers blossom and a hundred schools of thought contend." This was of even more assistance in promoting the formation of a new mood of exploration.

In May, the central committee put forward the policy of opposing both conservatism and rash advance, a policy advocating stable advance through comprehensive balance. This was a major achievement in seeking a policy for guiding socialist economic construction which accords with the conditions of our country (See Chapter

21 of this book). This was because, in our huge, poor and backward country, from the upper levels to the lower levels, there was an intense wish to change the poverty-stricken appearance of the country and in many construction matters, there was often over-anxiety for results and this was frequently reflected, in the guiding ideology, as impatience and rash advance.

On 21 July, at a meeting of party representatives in Shanghai, Premier Zhou put forward the idea that "dictatorship must be continued and democracy must be expanded." He held that at a time when we could not universally and directly elect the people's representatives through secret ballot, the methods for expanding democracy included: 1) Ensuring that the NPC delegates kept in regular touch with the people. 2) Publishing the speeches of the people's representatives, including speeches critical of the work of the government, regardless of whether they were mistaken or correct, as this would be advantageous to revealing the defects in government work. 3) Having the people's representatives examine government work, and even examine public security and judicial work.

The party's Eighth Congress revealed a large number of the achievements of exploration.

The most important was the analysis, by the Eighth Congress, of the social contradictions question. The political report of the central committee pointed out: Since the socialist transformation of the system of private ownership of the means of production has been basically completed, "the question of whether socialism of capitalism will win in our country has now been resolved." The resolution of the congress on the political report, at the same time as affirming that the people of our country must struggle to liberate Taiwan, to finally eliminate the system of exploitation, and to thoroughly root out the remnant counterrevolutionary forces, pointed out: "The major contradiction within our country is now the contradiction between the demands of the people for the establishment of an advanced industrial country, and the realities of a backward industrial country, the contradiction between the demands of the people for speedy economic and cultural development and the current situation where even the current economic and cultural situations cannot satisfy the people's needs." Putting stress on this major contradiction among the complex contradictions in our country was an important breakthrough as compared to Stalin's idea about "class contradictions becoming increasingly acute in the future." *On the Ten Major Relationships* put forward ten major contradictions but did not note the major contradiction in our society. If one says that this was a shortfall, then the resolution of the Eighth Congress on the exploration of our country's social contradictions made up this shortfall and thereby, on the basis of *On the Ten Major Relationships*, took a major step forward.

The results of exploration revealed by the Eighth Congress included, apart from the basic experiences of the

First Five-Year Plan, as summed up in the report to the congress by Premier Zhou, the following major achievements in the economic sphere:

In his speech, Comrade Chen Yun put forward the famous principle of "three main parts and three supplements." This was: The state-run economy and the collective economy are the main part, while a certain amount of individual operations are a supplement; the planned economy is the main part, and free production in accordance with market changes, within the scope allowed by planning, is the supplement; the state market is the main part and the free market within a certain scope is the supplement. Here, he was speaking of three major mutually-linked aspects of the economic structure: the ownership structure, the economic movement regulatory mechanism, and the market structure. This policy of "three main parts and three supplements" was good curative medicine for overcoming the various problems brought to the economic structure during the high tide of socialist transformation and the idea of blind seeking of purity which appeared at that time.

In his speech, Comrade Li Fuchun put forward a proposal for implementing a planning system managed at graded levels. All major targets which needed to achieve unified balance around the country would be comprehensively balanced by the State Planning Commission and the State Economic Commission, then reported to the State Council before being included in the plans. Local and partial targets would be balanced and arranged by the various provinces, autonomous regions or ministries, and reported to the State Council for the record before being included in the plans. The other products which were less important, of diverse types or in situations where it was not easy to control them, were not to be subject to planning and would be handled by the localities and basic-level units. The State Council would only make unified arrangements for major aspects and would regulate through pricing policies and supply and marketing relationships. The targets included in the state plans would be of three types: mandatory targets, targets which could be readjusted, and reference targets. This proposal must be seen as a major breakthrough in respect of the highly-centralized planning system.

In my speech, I spoke of the three points in respect of the proportional relationship between accumulation and consumption. (See Chapter 13 of this book) This could perhaps also be considered an achievement of exploration. The specific figures for the three points were summed up from the experiences during the First Five-Year Plan. Now the situation is different and of course we cannot copy these points. However, national income distribution is a major question affecting the overall situation of economic development and it seems that the new experiences should be summed up and some new concepts put forward to explore some new point.

Of the achievements of exploration revealed in the Eighth Congress in fields other than the economy, Comrade Dong Biwu's ideas on building the legal system

should be considered the most important. In his speech to the congress, he held that, after abrogating the outdated "Six Codes of Law", we should gradually perfect our own legal system and write our own "Six Codes of Law". He held that we should formulate our own laws in the areas of criminal law, civil law, procedural law, labor law and land-use law. He clearly set down the principle of separating party and government functions and held that strengthening the building of democracy and the legal system would ensure that party and government activities "had law on which they could rely" and "had law which they had to observe". In a time when one mass movement followed another, it is indeed remarkable that his understanding of building the legal system reached such a high level.

Not long after the example-setting exploration by Chairman Mao, especially after he put forward the "double hundred" policy, in the end of 1956 and the first half of 1957, there appeared in the social sciences sphere great discussion on the questions of the commodity economy and the law of value under socialist conditions and the population question. At that time, in our country's economic circles, most people accepted the views put forward by Stalin in "The Question of the Soviet Union's Socialist Economy" which set the planned economy and the law of value in opposition to each other. They held that the planned economy was subject to the patterns of planned (proportional) development of the national economy and that the law of value was only to be used as a tool of economic accounting. On 28 November 1956, to commemorate the 136th anniversary of Engels' birthday, the economist Comrade Sun Yefang, who was at that time the head of the Institute of Economics under the Chinese Academy of Social Sciences, published an article entitled: "Base Our Planning and Statistics on the Law of Value". This article challenged the above-mentioned widespread view. In the economic circles, very few people supported Sun Yefang's ideas while many opposed them. This was the first major debate in our country on the commodity economy and the law of value under socialist conditions. Beginning in 1955, there had been people in our country's theory circles who advocated controlling our country's population growth. In early 1957, various scholars in the social sciences, such as Wu Jingzhao, Fei Xiaotong, Chen Zhangheng, Sun Benwen and Quan Weitian successively published articles expounding on the necessity of our country controlling population growth. At a group meeting during the Fourth Session of the First NPC convened in June of that year, the economist Mr. Ma Yinchu, head of Beijing University, put forward his famous "New Discourse on Population". After several scholars including Ma Yinchu, Fei Xiaotong and Wu Jingzhao had put forward ideas of profound significance, they were immediately subject to criticism. The critics held that a large population was a good thing, that the bigger the population of our country the better and that there was no need to control it. This was the first time that a major debate on the population question occurred in our country's academic circles.

Article Outlines Jiang Zemin's Party Problems

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["Notes on Northern Journey" by Lo Ping (5012 0393): "Madame Jiang Zemin's Sense of Crisis"]

[Text]

Deng Xiaoping's Two Fears: "Rebellion" and Intraparty Struggles

"Do not think of getting a good night's sleep before the year 2000!"

This was the warning that Deng Xiaoping aired to the CPC core hierarchy not long ago. His intention was to have everyone grasp firmly stability "for at least 10 years."

A well-informed top official revealed that Deng Xiaoping has two fears: One is the resurgence of "rebellions" (pro-democracy movements) and two is intraparty struggles. And one aspect of the intraparty struggles is the dispute over personnel matters. This could deal a fatal blow to a situation which has not really stabilized despite valiant efforts to this end and produce a divisive destructive power to the "third generation of leaders," headed by Jiang Zemin. As a result, Deng Xiaoping has endlessly stressed the need for stability and the need to seize stability, reiterating that there should be no loosening up on the effort in the next 10 years.

Madame Jiang Tried Hard To Stop Her Husband From Becoming General Secretary

The cadre, with close ties with the CPC Central Committee Central Organization Department, gave this account: "Actually, the first person with these two fears is not Deng Xiaoping, but Jiang Zemin's wife, Wang Yiping [3769 0110 0988]. When Jiang Zemin was 'called to duty during a crisis,' (Jiang's words to his wife), Madame Jiang had already tried to pour cold water and hold him back, doing all she could to dissuade Jiang Zemin from going to Beijing to become the general secretary. She told other people: 'Jiang's health is not good and he has a heart condition, so he cannot assume such an important responsibility.' In fact, there was no big problem with Jiang Zemin's health condition. What Madame Jiang was concerned about was the instability of the political situation where, once pro-democracy movements reemerge, the general secretary could become the scapegoat of all and Jiang Zemin turned into a second Zhao Ziyang or third Hu Yaobang. Naturally, Madame Jiang did not articulate this, but everyone can guess it."

In late June 1989, Deng Xiaoping had already determined that Jiang Zemin would be given the general secretary post. And while Chen Yun, Li Xiannian, Peng Zhen, Yang Shangkun, and others shared the same views on the question of dismissing Zhao Ziyang, they had their differences about successors. Later, as the situation in Beijing became increasingly serious, Deng Xiaoping

called out: "Be decisive!" It was then that the elders agreed to transfer Jiang Zemin to the central authorities. Deng had a good impression of Jiang in the past and coupled with the strong recommendations from some of Jiang Zemin's old superiors, he no longer hesitated and personally went to Shanghai to solicit Jiang Zemin's views. At first, Jiang Zemin was very modest and argued that he was not qualified enough, but given Deng's persuasions, he finally "acceded to the central assignment." That was in late June.

Constant Jitters and Worries in the Last Two Years

The source continued: "It was at this time that Madame Jiang, while continuing to work on Jiang Zemin, also went everywhere asking people to reflect her views to the central authorities. She would go 'plead her case' before those she found to have made the recommendations. But the result was that, in view of Deng's determination and Jiang's decision, those with close ties with the central authorities and who received pleadings from Madame Jiang turned around to work on her and tried to talk her out of her mission. It was thus that the last barrier to Jiang Zemin's promotion was removed. However, in these last two years, Madame Jiang is often concerned and scared for Jiang. Everytime there is a commotion in Beijing or Shanghai and the party's conservative forces show signs of a resurrection—these are enough to cause her to lose sleep."

In the past few months, two things have made Jiang Zemin very uneasy (Madame Jiang has probably "felt it, too"): One is the question of the dissolution of the Central Advisory Commission and two is the deterioration of relations between Jiang Zemin and Yang Baibing.

Certain "Elderly Comrades" Are Unhappy With Jiang Zemin's Taking the "Pyramid Line"

On the dissolution of the Central Advisory Commission, Deng Xiaoping had already advanced this proposal at the 14th CPC National Congress, and Chen Yun had also consented to it. But several party elders would like to retain it now and are opposed to its dissolution, hence a big debate went on. It was reported that Deng Xiaoping recently criticized some elderly comrades for being too selfish. In a recent speech, Jiang Zemin also indicated that the commission will be abolished according to plans. Because of this, he has invited resentment from some elderly comrades who secretly engaged in small intrigues, some even attacking Jiang Zemin for harboring ambitions, not showing respect to the elderly comrades, and embarking on the "pyramid line," that is, showing respect only to a handful of elderly comrades like Deng Xiaoping and Chen Yun and neglecting a large number of others. Others had even let out charges that Jiang Zemin was using the attempt to make cadres younger to build up his own base, appoint his men to key positions and not act according to the party's cadre policy. In the past one or two years, a fairly large number of cadres have indeed been transferred from Shanghai to the central authorities. This prompted some elderly

comrades to go down and spread rumours, while others instructed journalists to write internal reference reports, complicating the issues and giving Jiang Zemin much trouble for a while. After Madame Jiang learned about this, she also felt very bad for her husband the general secretary.

Madame Jiang Offers a Brilliant Plan To Salvage the Situation

However, Jiang Zemin is indeed smart. Listening to the suggestions of some "think tanks," he instructed the CPC Central Committee General Affairs Office and the Central Organization Department to carry out a survey among the elderly cadres in order to find out the root of the problem. With this survey, it was found that the principal reason for the elderly cadres' objection to the Central Advisory Commission's dissolution was their reluctance to part with the trappings of power, that is, fear that once they retire, they will receive downgraded political treatment, not be able to see documents and have no access to cars.

At this time, Jiang Zemin proposed that the elderly cadres should be well-treated from beginning to end. At a conference of elderly department chiefs convened by the central authorities last month, it was explicitly stipulated that once elderly cadres retire, they can continue to receive documents, retain the same living accommodations and arrangements and have the same access to cars. After the meeting was held, some elderly cadres became more relieved. The central authorities also proposed that following the Central Advisory Commission's dissolution, some honorary posts will be created to enable the elderly comrades to continue working for the party.

Some people have said to Madame Jiang half-jokingly: This brilliant plan of the general secretary to salvage the situation—did you come up with it? Wang Yiping replied seriously: Nothing to do with me.

Jiang Zemin Finds It Hard to Intervene in Army, State Council Affairs

The disharmony between Jiang Zemin and Yang Baibing is practically common knowledge in the CPC top hierarchy.

Well-informed sources have long reported that even though Deng Xiaoping often shouted about the need to form a third generation leading team with Jiang Zemin as the core, but up until recently, Jiang Zemin still found it hard to intervene in the State Council, while the judiciary, public security and armed police are under the charge of Qiao Shi and Peng Zhen. The party and state domains in which Jiang Zemin can intervene are in effect limited to the Central Propaganda Department, the CYL, trade unions, women's federations, and half of the Central Organization Department.

As far as the army is concerned, everything is under the control of Yang Shangkun and Yang Baibing, with Jiang Zemin deprived of any role at all. After he became military commission chairman, an unwritten rule emerged in the

army: Big military regions only have the authority to move a regiment, and the movement of even a division would require a meeting of the military commission and a signed order from the standing committee first vice chairman or vice chairman. The army has no explicit stipulations about an order being signed by the military commission chairman nor one on who may sign the order for the movement of divisions and above. Consequently, Jiang Zemin's chairmanship in the military commission became merely nominal or a figurehead.

Yang Baibing Shows Disregard for Jiang Zemin

Naturally, Jiang is not happy with this situation. In particular, what is most awkward to him is that Yang Baibing completely disregards him. In certain cases where instructions should be sought from the military commission chairman or reports forwarded to him, Yang Baibing would make his own decisions, do as he pleased, refer to him after the matter was over or even bypass him altogether. Since he did not come from the military and has no military knowledge or experience, Jiang Zemin could only suffer in silence and reveal his true feelings and grievances to reliable old colleagues.

Madame Jiang's information on this is also limited—she could probably learn about them only from "alley news" outside the family—and so she is even more helpless. However, out of sympathy for Jiang and dissatisfaction with Yang Baibing, the "think tanks" around Jiang Zemin would sometimes try to redress the injustice, report directly to Deng Xiaoping, and suggest that Jiang Zemin stand up to his rights and do what he should as military commission chairman. As a result, Jiang Zemin has begun to take heed to grasp the army's problems in recent months and has made more inquiries into army matters compared to the same period last year.

Rely on Deng Xiaoping's Support To Suppress Yang Baibing's Arrogance

Is that because Jiang Zemin has swallowed the guts of a leopard and dared to contend with the Yang family?

No. It is due to the strong support from Deng Xiaoping. Four months ago, Deng Xiaoping summoned the leaders of the Nanjing military region, East China sea fleet, and Shanghai garrison command to Shanghai where in his speech, he criticized some people for doing as they please and emphasized the party's absolute leadership over the army. Deng Xiaoping repeated: "The army must submit absolutely to the leadership of the party and to the leadership of the party's military commission chairman." The words mean more than they say, and everyone was well aware of on who they were targeted. Deng Xiaoping's speech spread very quickly to the army cadres and the army organs even organized sessions to study it. Thereafter, Jiang Zemin had an easier time.

This is to say that, supported by Deng Xiaoping, Jiang Zemin was able to suppress Yang Baibing's arrogance, at least temporarily.

With Cadres From Shanghai Faction More Welcomed, Madame Jiang Is More Relieved

Of particular relief to Jiang Zemin and his wife is that the cadres (especially the "Shanghai gang") and the people (especially from Shanghai) of today like leaders with a bit of "Shanghai faction" flavor and do not identify with the "indigenous faction," like Yang Baibing's. And Jiang Zemin is one leader with a bit of "Shanghai faction" flavor.

Naturally, this is not to say that Jiang Zemin will henceforth find the going smooth and easy. It can only be said that even as Jiang builds his own base, his position is more stable than before. But some old men with great power, including the "young Turks" which count Yang Baibing as their member, still have no respect and even belittle Jiang Zemin. If Jiang Zemin thinks that all is well with Deng Xiaoping supporting him, then it is necessary for Madame Jiang to pour cold water on him.

Chen Yun, Others Inscribe Book on Experts

OW0308011591 Beijing XINHUA Domestic Service in Chinese 2008 GMT 1 Aug 91

[Text] Beijing, 2 Aug (XINHUA)—A new book, *Ideals, Dedication, and Valiant Advance: In Praise of Experts With Communist Party Membership*, will soon be off the press. The book was compiled by the Office for Intellectuals' Work under the Organization Department of the CPC Central Committee.

Comrade Chen Yun inscribed the book title. Comrades Nie Rongzhen and Wang Zhen wrote inscriptions for the book. Comrade Song Ping wrote the preface. The inscription by Comrade Nie Rongzhen reads: "Learn from outstanding workers in the field of science and technology and give full play to the role of scientists and technicians." Comrade Wang Zhen's inscription reads: "Put stress on ideals and dedication; work for the people wholeheartedly."

The book, to be published by the Liaoning University Publishing House, contains 54 fact-recording articles and newsletters, totaling 450,000 characters, some by professional writers, others by journalists of newspapers and periodicals. This book describes the maturing process and the brilliant accomplishments of those experts who are Communist Party members, depicting their lofty spirit in working persistently for and devoting themselves selflessly to the cause of the party. From the book, the broad masses of intellectuals, young people in particular, will receive encouragement and education. This is also a good book to be used by all levels of party organizations, education departments, and political work units in giving a patriotic and socialist education to the broad masses of youths and in stimulating their love for science.

Speculation on Appointment of Envoy Qiao Zonghuai

HK0208010491 Hong Kong CHENG MING in Chinese No 166, 1 Aug 91 p 19

[Reference News] column by Kao Li (7559 7787): "Qiao Zonghuai (0829 1350 3232) Internally Appointed Chinese Ambassador to Finland"]

[Text] Qiao Zonghuai, son of former CPC Foreign Minister Qiao Guanhua, has been internally appointed Chinese ambassador to the Republic of Finland and is going to Helsinki. Qiao Zonghuai was once deputy secretary general of XINHUA NEWS AGENCY's Hong Kong Branch and was transferred back to the mainland following Xu Jiatun after the 1989 pro-democracy movement. Some people speculated that he might have been involved in the 4 June incident, but it has now turned out that he is not only safe and sound but has been promoted.

Government Urged To Lead Anticorruption Drive

OW0308213691 Beijing XINHUA Domestic Service in Chinese 1326 GMT 3 Aug 91

[By RENMIN RIBAO reporter Jia Zhaoquan (6328 2507 0356) and XINHUA reporter Dou Guangsheng (4535 1639 3932)]

[Text] Beijing, 3 August (XINHUA)—Chen Zuolin, deputy secretary of the Central Discipline Inspection Commission, emphasized here today that central party and government organs should take the lead in fighting corruption, performing duties with honesty, improving party style and discipline, and promoting clean and honest administration. He put forward this demand at a meeting of leaders of the discipline inspection teams stationed by the Central Discipline Inspection Commission in central party and government organs.

Following the Sixth Plenary Session of the 13th CPC Central Committee, the party Central Committee, in order to intensify party building in the central organs, especially to improve party style and discipline and promote clean administration, decided to dispatch discipline inspection teams to the central organs in charge of ideology and important economic departments. Since the beginning of this year, discipline inspection teams have been dispatched to a total of 16 central organs, including RENMIN RIBAO and the Ministry of Foreign Economic Relations and Trade. These plus the four discipline inspection teams, which were dispatched last year, make a total of 20 teams stationed by the Central Discipline Inspection Commission in central party and government organs. Led by the party groups of the central organs, the discipline inspection teams have earnestly investigated the situation of party building, party style, and enforcement of party discipline in each department, and actively handled cases of violation of discipline inside the party. According to preliminary statistics, since they were stationed in the central organs, the discipline inspection teams have directed the investigation and handling of 82 cases, and organized the

discipline inspection units of subordinate departments to investigate and handle a total of 152 cases.

In his speech, Chen Zuolin fully affirmed the discipline inspection teams' performance, and outlined requirements for future work. He said: In conducting discipline inspection work, we should focus attention on the central task of economic construction and adhere to the principle of revitalizing economy and enhancing ideological and political work. We should integrate the party's ideological and organizational work into administrative work. We should conscientiously implement the spirit of Comrade Jiang Zemin's speech at the rally marking the 70th anniversary of the CPC's founding and thoroughly recognize the great significance of strengthening party building, especially improving party style and discipline and promoting clean administration, in the new historical era. The style of a ruling party has a vital bearing on its very survival. Should corruption spread unchecked, the party will head toward self-destruction.

Chen Zuolin pointed out: In improving party style and discipline and promoting clean administration, we should continue to rectify unhealthy practices in various trades and professions. In addition, central party and government organs should pay close attention to education on professional ethics and, in the light of the actual situation in each trade or profession, formulate a professional code of conduct. Communist Party members in the central organs must set good examples in observing the code of conduct.

On the investigation and handling of cases, Chen Zuolin said: It is necessary to continue the investigation of major and serious cases. Discipline inspection teams should give priority to investigating major and serious cases. Led by the party groups of various departments, ministries, and commissions, the discipline inspection teams should do their job well by stepping up investigation and realistically analyzing causes.

An official from the Discipline Inspection Work Committee for Central Government Organs and leaders of the discipline inspection teams stationed in the Ministry of Posts and Telecommunications, RENMIN RIBAO, the Chinese Academy of Sciences, the Ministry of Metallurgical Industry, the Chinese Academy of Social Sciences, and the Ministry of Materials and Equipment gave briefings on their work.

Li Zhengting and Wang Deying, deputy secretaries of the Central Discipline Inspection Commission, attended the meeting.

Changchun Hosts National Post-Graduate Forum

OW2907032891 Beijing XINHUA in English
0109 GMT 29 Jul 91

[Text] Changchun, July 29 (XINHUA)—Chinese institutions of higher learning have trained over 180,000 masters and 7,000 doctorate graduates in 21 fields of study over the past 10 years.

Many of the graduates have assumed important positions in education and scientific research, while others are playing important roles in basic theoretical research, high-tech research and economic construction.

This was revealed during a national symposium on post-graduate work held recently in Changchun.

China now has more than 7,500 institutions and units which have the right to grant masters degrees, while 2,100 have the right to grant doctorate degrees.

Over the past 10 years, these universities and research organizations enrolled over 250,000 masters degree candidates and 20,000 Ph D candidates.

By 1990, of the over 10,000 post-graduate engineering students who had enrolled in the country's 100 colleges of engineering, some 6,000 were granted masters degrees. In addition, over 400 students have received doctorate degrees in medical science.

As part of an effort to improve the quality of education at the doctorate level, the State Education Commission organized a group of experts to appraise and develop key fields of study. As a result, 416 key fields of study are now being offered in 107 universities and colleges in China.

Military

Yang Baiping Calls for Emulating Heroic Soldier

OW0308062691 Beijing XINHUA Domestic Service
in Chinese 1143 GMT 2 Aug 91

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 2 Aug (XINHUA)—Yang Baiping, secretary general of the Central Military Commission and director of the General Political Department of the People's Liberation Army [PLA], today in Beijing met with Zhu Meijuan, mother of a heroic fighter named Zhou Liping, who died a martyr's death in rushing to deal with an emergency in the antiflood struggle. Yang Baiping called on all officers and men of the armed forces to emulate Zhou Liping's good example and carry forward the lofty spirit displayed by him.

Yang Baiping cordially consoled Zhu Meijuan on behalf of the leading comrades of the Central Military Commission.

Born in Lishui City, Zhejiang Province, Zhou Liping joined the PLA in 1986. At first, he was a fighter and then became a squad leader. He graduated from the Armored Force Command Academy on 12 July this year and was assigned to work in a tank-infantry regiment as a platoon leader trainee. On the very night following his assumption of the new post, the company to which his platoon belonged was ordered to go to Fengtai and Yingshang in Anhui Province to do antiflood rescue work. The responsible cadre of the company decided to let him stay behind to take care of other things, considering the fact that his baggage had not yet arrived. But he

firmly requested that he be allowed to go to the frontline. With a blanket roll borrowed from another soldier, he led his platoon to set out. Together with other comrades-in-arms, he disregarded fatigue and worked successively for eight days on the frontline. On 19 July when trying to rescue a disaster relief boat in distress, Zhou Liping heroically laid down his life. He was only 23 years old. On hearing the tragic news, more than 2,000 people in the disaster area rushed to the spot to mourn this good son of the people. Recently the party committee of a unit of the Nanjing Military Region accepted him posthumously as a Communist Party member and approved him to be honored as a revolutionary martyr.

Yang Baibing said: Zhou Liping dedicated his young life to the antiflood rescue struggle. His death for the sake of the people was weightier than Tai Shan [Mount Tai]. What he did is forever worthy of our emulation. Zhou Liping was a striking representative of the thousands upon thousands of cadres and fighters taking part in the antiflood rescue struggle. We are proud of having such a great honorable fighter, who set a brilliant example for the whole army. Short as his life was, his spirit of sacrifice for the interests of the people is eternal. The Nanjing Military Region and all military units should publicize his deeds and carry forward his spirit while striving hard to build our modern and regularized revolutionary armed forces and to fulfill our second-step strategical goal. Now that the antiflood rescue struggle is still going on, all units of our armed forces should continue to work hard so as to successfully accomplish the tasks given us by the party and the people.

Other leading comrades of the PLA General Political Department were also present on the occasion to express sympathy with Zhou Liping's mother.

Articles on Party Leadership Over Army

Likened to State Leadership

HK0508045591 Beijing RENMIN RIBAO in Chinese
29 Jul 91 p 5

[Article by Gao Qiqian (7559 0796 0051), research fellow at Academy of Military Sciences: "Party, State Leadership Over Army Identical"]

[Text] The party's leadership over the army, in terms of political attributes, function, and organizational structure, is completely identical to the state's leadership over the army.

In a class society, the state is an organizational form of rule with class distinction and an "organ whereby one class oppresses the other." (*Selected Works of Lenin* Vol. 3, p 176) Army is the instrument of class struggle and an armed group for carrying out revolutionary political tasks. Each army is subordinate to a certain class and its party. Any leadership by a party or state over the army is leadership by a class at the bottom. In reality, the army of the ruling class has the same political function as the army led by a ruling party or the state. The People's Liberation Army [PLA] is an armed force led by the

party and the pillar of the people's democratic dictatorship. The party has always upheld the proletarian nature of the army and consistently subordinated the army to the socialist people's republic and maintained that, while under the absolute leadership of the party, armed forces must observe the state constitution and law and must not have any privileges that overstep the constitution and law. In our country, the uniformity between the party's leadership over the army and the state's reflects the fundamental character of the people's army. Comrade Deng Xiaoping rightly pointed out: "I am convinced that our army will be able to unswervingly preserve its character. This character shows our army to be a party's army, socialist country's army, and people's army."

If viewed from the function and mission of the PLA, it shoulders the tasks which are also completely identical to those of the party and the state. The party constitution makes it clear that, at the present stage, the general task of the party, in the capacity of a faithful representative of the interests of all nationalities in China, is to build our country into a highly civilized and highly democratic socialist country. The task of the army, in the capacity of the main body of the country's armed forces, is to consolidate national defense, resist aggression, safeguard the motherland, protect the people in their peaceful work, participate in the country's construction drive, and make efforts to serve the people. In other words, it is not only the defender of the country but also the constructor of the country; serving the people wholeheartedly is its sole purpose; resisting aggression from abroad and combating subversion from within is its dual mission. As far as the fundamental interests of the whole nation are concerned, the tasks of the party, the state, and the army are a complete whole. The people's army resolutely follows the party's call and safeguards the security of the motherland and the welfare of the people. It is not only instrumental for the party but also loyal to the state and obeys the party's leadership and the state's assignment unconditionally. All this reflects the uniformity between the party's leadership and command over the army and those of the state.

The organizational structure of the army indicates even more clearly that the party's leadership over the army has always been integrated with the state's. As early as the Red Army's founding, the party set up a central military commission and conducted unified leadership and command over the workers' and peasants' armed forces nationwide. Within the army, a series of organizational institutions were established, such as senior officers' shared responsibility system, political commissar system, political organ system, and grass-roots party organizations, all under the leadership of the party committee. They served to ensure that the army was consistently under the party's absolute leadership in the protracted complicated struggle. The founding of the People's Republic of China marked the seizure of nationwide political power by the people under the party's leadership, and the PLA became the army of the state. Shortly after New China was founded in 1949, the

Central People's Government Revolutionary Military Commission was set up. The "Constitution of the People's Republic of China" passed in 1982 brought forth the Central Military Commission of the People's Republic of China and a Central Military Commission chairman responsibility system was installed. This move made clear the army's important position in the state structure through legislation and gave rise to the complete uniformity between the party's central military commission and the state central military commission. Because the constitution specifies the leading role of the party in the operation of the country, the founding of the state central military commission does not obstruct the party's absolute leadership over the army and, instead, is more conducive to strengthening the building of national defense and that of the army with the state power.

Those who practice bourgeois liberalization extensively spread the notions of "army detaching from party" and "state taking over army" in an attempt to set the party's leadership over the army against the state's. This is nothing but a few demagogic notes in the "peaceful evolution" strategy of the international hostile forces. In fact, there is no army that transcends class in a class society. The so-called army's "noninvolvement in politics" and political party's keeping off military camp, advertised by some capitalist countries, are merely a false front put up to pull the wool over people's eyes. If one takes a careful look, one has to ask this question: Whenever they do not function as the instrument of the political struggle of the bourgeoisie, safeguard the interests of the bourgeoisie, or promote the spiritual anesthesia, ideological inculcation, and political control of the bourgeoisie? Therefore, "detaching from party" does not mean there should be no leadership over the army by a political party. Rather, it means the leadership by the proletarian party should be "transformed" into the leadership by a bourgeois party. For the sake of the people's interests and the future of our country and nation, we must maintain sharp vigilance against this attempt.

'Fundamental' to PLA

HK0508052091 Beijing RENMIN RIBAO in Chinese
29 Jul 91 p 5

[Article by Sun Xiangzhu (1327 0686 4376), associate professor Academy of Military Sciences: "Without Party's Leadership Over Army, Socialism Would be Unable To Consolidate, Develop"]

[Text] The party's absolute leadership over the army was a fundamental guarantee for the defense and consolidation by the People's Liberation Army [PLA] of the newborn revolutionary regime. Shortly after the birth of the PRC, the country was faced with the heavy tasks of healing the wounds of war and reviving the national economy. At this time, U.S. imperialism brazenly launched the invasion of Korea and brought the flames of war close to the Yalujiang, seriously threatening the security and economic construction of our country and seeking to kill off the New China at birth. In the wake of such a complicated and difficult situation, the Central

Committee with Comrade Mao Zedong as the core, observed the situation sharply, gauged its pros and cons, and resolutely made a brilliant strategic decision to send a volunteers' army to fight in Korea in order to "resist the United States, support Korea and defend the country;" the Central Committee and Chairman Mao mapped out the correct strategies, tactics and battle guidelines promptly and personally directed the war; the party carried out forceful ideological and political work for the troops, used patriotism, internationalism and revolutionary heroism to educate the troops and gave full play to the party committee's role as the leading core, the party's subsidiary role as battle headquarters and the role of party members as model pioneers. Our volunteer army displayed endless fighting power, dared to fight and to win, and, fighting alongside the Korean People's Army and the Korean people, and equipped with inferior weapons and equipment, they defeated the U.S. army, the most modernized army of the time, after a hard and outstanding struggle of three years and one month, thereby safeguarding the motherland's security and socialist construction, and helping the Korean people. At the same time, in line with the Central Committee's decrees on the suppression of bandits and spies and related battle guidelines, our army, under the leadership of the party and government, took three years to basically wipe out KMT [Kuomintang] bandits and spies across the country and successfully crushed the Chiang Kai-shek clique's raids and attacks along our coasts and borders, thus safeguarding the newborn people's government and its socialist construction endeavors.

The party's absolute leadership over the army was the fundamental reason for the triumphant defense and active participation of the PLA [People's Liberation Army] in socialist construction. In the period of socialist revolution and construction, the Chinese PLA shouldered the formidable dual tasks of resisting foreign aggression and upholding the country's independence, territorial sovereignty and integrity, as well as its marine rights; and of resisting internal subversion, safeguarding the socialist system and the fruits of its construction, and defending social stability. It also shouldered the glorious task of supporting and participating in socialist construction. Over the past decades, in the face of armed provocation and aggression from hegemonists large and small, our army successfully conducted four major retaliatory wars of self-defense in order to defend the dignity of the motherland, its territorial sovereignty and integrity, and socialist construction endeavors; internally, it crushed the counterrevolutionary rebellion plotted by Tibet's upper class reactionary clique to split the motherland and upheld the unity of the motherland; it also smashed the vicious conspiracies of the two counterrevolutionary cliques of Lin Biao and Jiang Qing, which were intended to usurp the party and seize power. The army has thus consolidated the dictatorship of the proletariat. In particular, at the juncture of spring and summer of 1989, firmly obeying the orders of the Central Committee, the State Council and the Central Military Commission, the martial law enforcement force in our

capital resolutely stopped and quelled an upheaval and counterrevolutionary rebellion in Beijing, and with their lives and blood defended the people's republic and the socialist system at a critical moment when the fate of the party and state hung in the balance. Abiding by the party's direction, our army courageously took part in extraordinary battles involving disaster relief and rescue operations in times of floods, earthquakes and fires, thereby protecting the property of the state and the lives of the people, and ensuring the stability of society. Abiding and submitting itself firmly to the central task of the party, our army actively supported and participated in socialist construction, taking part in the repair and construction of railways like the Chengdu-Chongqing line, Chengdu-Kunming line, and the Daxinganling lines and highways like the Kangding-Xizang, Qinghai-Xizang, and Tianshan highways, and completing key state projects like the diversion of the Jingjiang, the redirection of the Luanhe into Tianjin, and the Sangshuping project in Shaanxi. By doing so, it strengthened the economic and material foundation of socialism and made enormous contributions to the construction and consolidation of the socialist country.

To consolidate and develop socialism, it is necessary to insist on economic construction as the focus, uphold the Four Cardinal Principles, reform and opening up, and achieve the strategic objectives of development in line with our country's socialist modernization and construction. To attain this objective, it is necessary to have the assurance of a relatively peaceful international and neighboring environment, resist possible aggression by foreign enemies, and maintain an internal situation characterized by enduring order and stability so preventing subversion and sabotage by hostile forces, concentrating particularly on dealing with the realization of a "peaceful evolution" plot in our country by internal and external anti-socialist forces. On this, our army has a sacred responsibility. To enable our army to shoulder the glorious historic mission of defending and building socialism victoriously under the new situation, the only way is, to insist on and step up, the party's absolute leadership over the army.

Instability Prevails in Army Since 4 June Incident

HK0208083591 Hong Kong CHENG MING in Chinese No. 166, 1 Aug 91 pp 14, 15

["Notes on Northern Journey" by Lo Ping (5012 0393): "600 Senior Officers Removed From Office Because of 4 June Incident"]

[Text] An autocratic power built on the barrel of a gun is not a stable one. This is because the gun barrel itself is a factor leading to instability, and it is impossible for those who control the gun barrel to be of one heart and one mind.

The Purge of 38 Secondary Army-Level Cadres Causes Shock in Army

Speaking at a recent expanded meeting of the CPC Central Military Committee, Jiang Zemin and Yang Shangkun once again stressed the need to maintain

absolute stability in the Army, including stabilizing cadres' and soldiers' morale.

Why do they repeatedly raise the importance of stability to such a height?

This is because instability has prevailed among officers and men since the 4 June Incident. Several cadres who have working relations with the Central Military Committee disclosed some "secrets" of the Army.

In the wake of the 4 June incident in 1989, all leaders of major military regions were transferred to each other's posts, which virtually meant a big reshuffle among major military regions. Besides the commander of No. 38 Army, disciplinary action was also taken against 38 secondary army-level cadres, of whom 32 were transferred to civilian work or forced to retire, while two were severely punished by Discipline Inspection Commission for involvement in economic criminal activities. Such things will undoubtedly give rise to shocks among officers and men.

Many People Took Advantage of 4 June Incident To Avenge Personal Wrongs in the Name of Public Interest

Compared with the secondary army-level cadres mentioned above, more leading cadres at the divisional level were temporarily relieved of their posts for self-examination, or removed from their leading posts in the army. Statistics show that the number of such cadres has reached 500 or more. Among all these cases, however, some are "wronged ones." Since there have always been many factions in the Army, each trying to squeeze the other out, many people have made use of the 4 June incident to abuse public power to retaliate on a personal enemy: They made false charges against innocent people and informed against each other, thus creating a large number of "wronged, framed-up, and misjudged cases." The principle of the time was to take both necessary and unnecessary precautions at all times, that is, they would rather misjudge 10 people than let off a single liberal element. Under these circumstances, a large number of high and intermediate-level cadres in the leading organs of the Army were, without knowing why, removed from their posts, transferred to civilian work, or forced to retire. Wei Haisheng [7614 3189 3932] was one of them.

Wei Haisheng Committed Suicide After Writing in His Own Blood "I Will Not Close My Eyes When I Die"

Wei Haisheng, the hero of the "Wei Haisheng Incident" known to all in the Army, was originally deputy director of Beijing Air Force Political Department. The Discipline Inspection Commission of the CPC Military Committee circulated a notice of criticism against Wei Haisheng, claiming that Wei was "an element with a threefold problem," namely, he failed to politically act in unison with the party Central Committee; sympathized with "elements of turbulence;" got involved in some shady economic questions; carried out promiscuous sexual behavior, and raped many women by abusing his functions and powers. During the period when he was kept in isolation for investigation,

refusing to admit his guilt, Wei Haisheng knelt in front of the main entrance of the CPC Central Military Committee General Office, demanding to talk with the committee leaders. On the night after he was escorted back to the Beijing Air Force at the order of Air Force Commander Wang Hai, Wei Haisheng committed suicide by hanging himself. Before he hanged himself, Wei Haisheng wrote in his own blood four big Chinese characters, meaning "I will not close my eyes when I die."

The CPC Central Military Committee issued an order to investigate Wei Haisheng's suicide. A preliminary investigation showed that "Wei Haisheng's was wronged." However, in order to maintain stability in the Army, this "wronged case" can only be treated in the way of turning big problems into small problems and small problems into no problem at all. Seeing this, all those who are familiar with things inside the Army said: "The Army is actually the darkest place of all."

In fact, there are far more people in the Army committing suicide than Wei Haisheng!

17 Army-Level Cadres Have Committed Suicide Over Past Couple of Years

Over the past two years, 17 secondary army-level cadres and cadres at the equivalent level have committed suicide! It is said that the Cultural Department deputy director of the Jinan Military Region died a most tragic death by igniting 20 grenades tied to himself in front of the military region's auditorium. He wrote a 10,000-character letter before his death. The Jinan Military Region carried out a large-scale investigation of the incident among all cadres at the departmental level and above, "seizing big and small fishes together." Finally, a small factional group consisting of 16 people (virtually a "counterrevolutionary" organization) was uncovered, and all its members were expelled from the Army. This is the neatest thing Zhang Wannian did immediately after he was transferred to the Jinan Military Region.

In line with the CPC Central Military Committee's repeated order to maintain stability in the entire Army, the Discipline Inspection Commissions of the Central Military Committee, the General Political Department, the General Staff Department, the General Logistics Department, and all major military regions jointly held a symposium early last June on the work of discipline inspection in the Army. On the other hand, the Central Military Committee ordered a stop to the investigation of issues concerning the 4 June incident for the time being, so as to shift the focus of the Army's discipline inspection work onto other problems puzzling the Army, such as illegal organizations, economic issues, and other criminal cases.

Zhou Yibing [0719 5902 0393] Describes Himself as "Waiting for Death at Home"

However, the conclusion of the "4 June" large-scale purge does not mean an end to instability among officers and men.

First, contradictions among high-level military cadres are emerging on a constant basis. Take the case of the Beijing Military Region, which is plagued by many problems. The former Commander Zhou Yibing has not yet been assigned any job by now. As a 68 or 69-year-old man, Zhou said: "I have to wait for my death at home!" Major General Zhang Gong [1728 1562], originally director of the Political Department, was appointed the new political commissar of the Beijing Military Region. Being a high-handed man, although he was praised by Deng Xiaoping for his performance in suppressing students in the 4 June incident, Zhong Gong was unpopular in the military region, and rumors say that he cannot get along well with the new Commander Wang Chengbin.

The CPC Central Military Committee Especially Worried About "Hidden Illegal Organizations"

Second, it is hard to solve the problem of "illegal organizations" inside the Army, which is also an issue the CPC Central Military Committee worries about most. At present, "hostile forces both at home and abroad" have vigorously stepped up their infiltration into the Army. Statistics show that all units at the regimental level and above have received "counterrevolutionary propaganda materials" sent by "enemy spies" and "counterrevolutionary organizations." The problem of illegal organizations is extremely prominent in such units as the Shenyang and Beijing Military Regions, the Navy, and the Air Force. All these units are planning to focus their efforts on and grasp the crackdown and abolition of illegal organizations in the Army as a major issue in the second half of this year and the first half of the next. Upon approval, these units have jointly set up a leading group for "cracking down on both illegal organizations and criminal activities." However, since the "illegal organizations" are all "hidden" and underground ones, it is by no means easy to "crack down on" all of them.

A Large Number of Officers, Men Worship, Fear United States

Third, it is impossible to stifle great changes that have taken place in the minds of officers and men. From the Gulf war until now, the Army has failed to solve the problem that a lot of its officers and men worship and fear the United States. Some officers said in public: "The American troops are very strong and powerful, and we are no match for them." Recently, films introducing modern wars and troops from Western countries have been shown often in the Army, producing a great negative impact on officers. A regimental commander openly said: "We did not know anything before we saw such films. Now when we get to know something, we get a nasty shock." Even veteran military cadres have to admit that the methods used in the past cannot work in today's world.

Will It Be Any Help To Strengthen Education on "Mao Zedong's Army-Building Ideology"?

To an army, the fighting force is the combination of science, real strength, and soldiers' morale. Along with the spreading of the "virus" of worshipping and fearing the United States, an ideological trend of taking a sceptical attitude toward

Mao Zedong's military thinking is taking shape in the Army. Under such circumstances, the CPC Central Military Committee recently worked out three regulations: 1) All cadres should be gathered to conscientiously study "Mao Zedong's military works," while cadres at the regimental level and above obtain a good mastery of 10 Mao's articles, such as "On 10 Major Military Principles" and "Resolution of Gutian Conference;" 2) films introducing Western troops should be banned in the Army; and 3) at the same time when reducing the amount of information on foreign troops, PLA military academies and colleges should intensify the study of "Mao Zedong's military works." In addition, leaders of the CPC Central Military Committee have also required all units to transfer all those who have openly slandered, attacked, or suspected Mao Zedong's army-building ideology from their posts and give them appropriate punishment in accordance with the seriousness of their mistakes, regardless of their rank or posts.

An army is not living in vacuum. No matter what obscurantist policies one adopts, he is unable to resist the impact produced on the Army by historical trends, the changing international situation, and the domestic climate. An unstable gun barrel is bound to collapse together with the unstable autocratic power it supports some day.

Guangdong Secretary, Officers at Spratly Exhibit

HK0208023991 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 31 Jul 91

[Text] An exhibition of photographs showing activities of the Guangdong comfort group in the Spratly Islands was held at the Guangzhou Cultural Palace today.

Provincial party committee Secretary Xie Fei, Vice Admiral Gao Zhenjia, deputy commander of the Guangzhou Military Region and commander of the Nanhai Fleets; Lieutenant General Liu Xinzeng, deputy political commissar of the Guangzhou Military Region; and (Lai Zhuyuan), vice chairman of the Guangzhou People's Congress cut ribbons for the show.

A total of 150 pictures were on display. The exhibition is scheduled to close on 5 August. The same show will be held in Dongguan, Foshan, and Jiangmen later.

Xinjiang Promotes National Defense Education

OW0208112591 Urumqi Xinjiang Television Network in Mandarin 1555 GMT 1 Aug 91

[From the "Xinjiang News" program]

[Text] The Xinjiang Autonomous Regional People's Government held a forum on 31 July to publicize national defense education. Keyum Bawudun, member of the Standing Committee of the regional party committee and vice chairman of the regional government, Ulatayov, deputy political commissar of the Xinjiang Military District, and leaders, reporters, and editors of the various press units of the central and regional authorities attended the forum.

[Video shows closeup shots of Keyum Bawudun, Ulatayov, and other participants to the forum]

At the forum, the representatives of various press units exchanged their experiences in, and methods of, publicizing national defense education. Comrades Keyum Bawudun and Ulatayov spoke at the forum. They called on the propaganda departments of various press units to understand the strategic importance of national defense education and to use propaganda to teach cadres and the masses to be prepared for danger in times of peace and to enhance their awareness of the need to strengthen national defense, adding that propaganda department should take the initiative in strengthening army-government unity and army-civilian unity. In publicizing national defense education, they should make use of various forms of propaganda, see to it that the propaganda content is rich and meaningful, and maintain close ties with the masses and reality.

Economic & Agricultural

Li Peng Addresses State Council on Economy

OW0208215491 Beijing XINHUA Domestic Service in Chinese 1315 GMT 2 Aug 91

[By Central People's Broadcasting Station reporter Tian Shanchuan (3944 1427 1557) and XINHUA reporter Sun Benyao (1327 2607 1031)]

[Text] Beijing, 2 August (XINHUA)—Addressing the State Council's 11th Plenary Session yesterday, Premier Li Peng pointed out that within the next five months all departments should, in the light of reality, earnestly study and implement Comrade Jiang Zemin's speech made at the rally to mark the 70th anniversary of the founding of the party, implement the guidelines of the meeting on combating floods and rescuing flood victims held by the Political Bureau of the CPC Central Committee, earnestly solve outstanding problems in economic work, make further efforts to improve the economic situation throughout the country, and fulfill in an all-around way the economic and social development plan this year.

At the plenary session, Vice Minister of State Planning Commission Ye Qing made a report on the current condition of economic development in China and the tasks that must be attended to with special emphasis; Zhao Weichen, deputy director of the State Council Production General Office, made a report on improving enterprises and upgrading their efficiency; and Minister of Water Resources Yang Zhenhuai made a report on the current work on combating floods and rescuing and providing relief materials to flood victims. Premier Li Peng chaired the session. After listening to the reports, he made an important speech on the current economic situation and on how to successfully carry out the work of the next five months.

Speaking on this year's economic work, Li Peng said: Following the guidelines set by the Seventh Plenary Session of the 13th CPC Central Committee and the Fourth Session

of the Seventh National People's Congress, the State Council has continued to carry out the policy of improving the economic environment, rectifying the economic order, and deepening reform, and has concentrated efforts on the following matters: First, while emphasizing control of the total supply and demand, we have appropriately increased investments for capital construction and facility renewal and modernization, and have improved the investment structure, in order to bring about an economic rebound. Second, we have taken a series of measures to ensure agricultural production. Since summer began, we have endeavored to lead work in fighting flood and providing relief. Third, we have seriously promoted "the Year of Quality, Variety, and Efficiency" activities, and have done our best to improve economic efficiency. Fourth, we have continued to settle "debt chain" problems among enterprises and to deal with the "three illegalities," and have carried out the eleven policies and measures designed to further invigorate state-run large and medium-sized enterprises, in order to create a better environment for increasing enterprises' vitality. Fifth, we have readjusted prices of steel products, pig iron, crude oil, oil products, coal, and railway cargo transport. We have adopted double prices system for cement, and readjusted prices of rationed grain and edible oil. Sixth, we have made efforts to promote a foreign trade system that is based on the principle that each unit is held responsible for its own profitability and losses, in order to ensure that our foreign trade will develop steadily. Facts have shown that these efforts have yielded expected results.

Li Peng said: Although severe natural disasters have hit many parts of the country this year, with adverse effects on national economic development, the national economy, on the whole, has picked up, the relationship between social supply and demand has further improved, and the entire economic situation has continued moving in the right direction, thanks to the concerted efforts of various localities and departments. This chiefly is shown in the following:

—The general situation in the countryside is still good. It is true that some localities were severely hit by floods and the yield of their summer grain crops was reduced as a result. Nationwide, however, we still had a good harvest of summer crops. It is estimated that the total output of summer grain crops will be lower than last year, while the output of rapeseed will register a slight increase. Animal husbandry and aquatic products industry have continued to grow. Production in rural enterprises maintained a good momentum in the first half of this year.

—Industrial production increases moderately. In the first six months of this year, total industrial output value rose 13.4 percent over the same period last year, total volume of social commodities grew by 12.8 percent, uneven economic growth among localities began to improve, and overall vitality of the national economy strengthened. It is estimated that the gross industrial output value for July will climb by more than 10 percent over the same month last year. Judging from the economic sectors, in the first half of this year, the state-owned industry's total output value

increased by 8.9 percent over the same period last year. The proportion of the state-owned industry's increased output value in the total increased output value of industry rose to 44.8 percent from 14.2 percent of last year's same period. This is an indication of the accelerating development and strengthening of the leading role of the state-owned economy. In the first six months, investment by state-owned units in capital construction and technological transformation grew 23.2 percent and 16.9 percent respectively over the same period last year. In the raw and semi-finished materials industry, transportation, and posts and telecommunications, the proportion of investment was further increased, and the investment structure continued to be improved.

—Commodity prices are generally rather stable. Since the beginning of this year, the government has successively adopted some measures to readjust prices at a fairly big margin. Nevertheless, the general index of the country's retail commodity prices in the first half of this year rose only 1.8 percent over the same period last year, and by 3.1 percent in May, the month when the readjusted grain and oil prices became effective. These margins are smaller than anticipated. There are plentiful supplies of commodities; prices of meat, poultry, eggs, and durable consumer goods are stable, and some prices have dropped. Price rises in 35 large and medium-sized cities in the first six months were much higher than the national average. This merits our keen attention.

—The financial and monetary situation is relatively balanced. In the first half of this year, state revenues increased 8 percent over the same period last year, with a favorable balance of more revenues than expenditures. In the first six months, the volume of increase in bank deposits was greater than the increase in loans. While withdrawal of commodity currency from circulation increased and the interest rates of deposits dropped, savings deposits by residents, in particular, continued to rise and, as of the end of June, increased by 122.3 billion yuan over the beginning of this year. This is an indication of the residents' balanced consumption mentality, as well as an accelerating increase of their income.

—Foreign trade exports and imports are increasing in all fields. Since the introduction, at the beginning of this year, of the reform of holding foreign trade enterprises responsible for their own profits and deficits, the new system has harnessed their management enthusiasm. According to the customs statistics, in the first half of this year, the total volume of exports and imports grew by 17.3 percent. Of this, exports increased 18.5 percent and imports 15.9 percent. The balance of international payments has continued to improve, and the state foreign exchange reserve has further increased.

However, he pointed out that some aspects of the economy remain grim, and they are reflected mainly in the following two areas: First, natural disasters, particularly floods, have affected not only production of the summer harvest but also autumn crops. As a result of a

decrease in areas for autumn crops plus unpredictable weather, this year's grain production will most likely decrease. Second, readjustment of the economic structure has proceeded slowly. The "debt chain" has been cleared on one end and extended on the other, and overstocking of products and semifinished products remains very serious. Although the declining trend of economic efficiency has somewhat been stopped, the results are still very unsatisfactory. These are the most striking problems regarding the current economic work.

Li Peng stressed that during the next five months great attention must be given to the following areas:

First, it is necessary to continue efforts to fight natural disasters, and to do the job of disaster relief well in order to ensure a relatively good harvest for the year. At present, governments at all levels in the disaster areas should imbue themselves with a profound sense of responsibility in ensuring food, fuel, and shelter for disaster victims, preventing and curing diseases, and maintaining social stability. The state finance, planning, and banking institutions have decided to provide some 12 billion yuan in allocations and loans. People throughout the country and compatriots in Hong Kong and Macao have gone all out to raise large amounts of donations and relief materials for people in the disaster areas to help themselves by engaging in production and to build their homes. Besides, the international community has also expressed sympathy and support. Governments at various levels are urged to effectively manage and use relief funds and materials, promptly delivering them to the disaster areas and using them for the most pressing projects. Greatest efforts must be made to organize disaster victims to help themselves by engaging in production on the spot, repair irrigation works damaged by flooding, and rebuild their homes. In order to build up the capability to resist famine, it is necessary to try every possible means to plant additional or other autumn-harvested crops, and to rehabilitate the production of village and township enterprises and diversified management as soon as possible. The State Council's relevant departments should study and implement without delay projects related to delivery of diesel oil, chemical fertilizers, pesticides, seeds, and labor service, as well as work-relief programs, for fighting natural disasters, helping disaster victims, and ensuring industrial and sideline production in the disaster areas. It merits our keen attention that the flood peak season has not yet passed, and we must be prepared for floods on an extraordinary scale. Governments in areas not affected by natural disasters should, in line with the State Council's overall arrangements, conscientiously fulfill the assignment for supporting the disaster areas while redoubling the effort to promote autumn production and strive to increase the harvest.

Second, further efforts must be made to readjust the structure and raise the efficiency of economic work. The priority of industrial production at present is not pursuing a fast growth rate but striving to readjust the structure and invigorate enterprises, so that industrial

production can really move toward a direction of stressing quality and better economic results.

The biggest obstacle impeding the economic growth and improvement of efficiency is the problem of "debt chain." In clearing the "debt chain," it is imperative to adopt some tough measures. First, it is necessary to restore the monetary order by strictly enforcing discipline in settling accounts and seriously handling typical cases of enterprises failing to repay loans for no good reason. Second, it is necessary to thoroughly solve the problem by starting with the money originally earmarked for capital construction and upgrading of technology, so as to clear the circulation channel of funds and untie the chain of debts. Third, it is necessary to firmly check the production of unsalable products.

Stepping up the effort to upgrade technology is an effective way for raising the performance of enterprises. Technological transformation projects for this year have already been decided, and they must be carried out to the letter. We should resolutely cut down the production capacity of some ordinary processing industries which are in excessive demand, and eliminate a number of outdated products which are energy-inefficient and poor in quality and can cause serious pollution. We should actively popularize new technology and techniques, develop new products, and improve product quality so as to better keep up with the demand of domestic and foreign markets.

In addition, we should continue to stabilize commodity prices.

Third, it is necessary to further implement various policies and measures already adopted for improving the external environment of large and medium-sized state enterprises. The State Council has all along attached great importance to improving the external environment of enterprises, with great efforts made last year and further attention paid since the beginning of this year. An 11-point opinion for invigorating large and medium-sized enterprises was issued on 16 May. So far, three of the 11 points are in force, six are in the process of being enforced, and two have yet to be implemented. The practice shows that the 11-point opinion is feasible. So long as it is implemented to the letter, it can produce the desired results. In the next five months, we should relentlessly implement the opinion so that it can become effective in the true sense.

While the external environment of enterprises is being improved, all enterprises, especially large and medium-sized state enterprises, should try their utmost to raise economic efficiency by tapping internal potential, harnessing positive factors inside enterprises, strengthening enterprise management and operations, improving quality, lowering consumption, and increasing sales.

Fourth, it is necessary to properly control the scale of investment in capital construction and rationally readjust the investment structure. Some readjustments were made on the scale of capital construction for the year in accordance with actual conditions, after it had been

determined earlier this year. With an increase in investments, the scale of capital construction is now more appropriate and should not be further extended. All localities and departments should adhere strictly to this principle. They should give appropriate preferences to the construction of agriculture, water conservation, energy resources, communications, and other fields, as the state's industrial policies require. They should give priority to projects under construction and their supporting projects, which have significant influence on the national economy and have high economic efficiency. They should limit the number of new projects, invest more in projects with more potential, and strictly bring newly-begun projects under control.

Fifth, it is necessary to strive to do a better job in this year's work in foreign economic relations and trade. The situation of foreign economic relations and trade has remained better since beginning of this year. We should continue to implement the principle of opening wider to the outside world, maintain stable and persistent policies, continue to promote the development of foreign trade and economic and technological exchanges with foreign countries, increase our capacity for self-reliance, and improve the capability of China's economy in utilizing markets and resources at home and abroad.

Finally, Li Peng said: There are certainly a number of difficulties in doing a good job in the next five months. However, many more favorable conditions exist. Although natural disasters have caused great damage, we have a much better material foundation than before and are completely able to overcome difficulties. It is especially important that the deep relations between armymen and civilians, which are as close as fish and water, and the superiority of the socialist system have been demonstrated in our antiflood and relief efforts; and the masses are drawn even closer to the socialist construction. This is valuable spiritual wealth. So long as we fully and more effectively arouse and organize the enthusiasm of the masses, work with one heart and one mind, and wage hard struggles, we are sure to accomplish all kinds of tasks for national economic and social development this year.

Tian Jiyun, Wu Xueqian, Zou Jiahua, Li Tiesing, Qin Jiwei, Wang Bingqian, Song Jian, Wang Fang, Chen Xitong, Chen Junsheng, Qian Qichen, and responsible persons of all ministries and commissions under the State Council attended the meeting.

Responsible persons of relevant departments under the CPC Central Committee, the Central Military Commission, the National People's Congress, and the National Committee of the Chinese People's Political Consultative Conference; and responsible persons of the Supreme People's Court, the Supreme People's Procuratorate, the All-China Federation of Trade Unions, the Central Committee of the Communist Youth League of China, and the All-China Women's Federation attended the meeting as observers.

Responsible persons of all democratic parties and the All-China Federation of Industry and Commerce were present at the meeting on invitation.

Statistics Bureau on State-Controlled Economy

HK0108105591 Beijing CHINA DAILY in English
1 Aug 91 p 2

[By staff reporter Zhang Yuan]

[Text] The State Statistical Bureau yesterday announced more good news for the nation's economy. The decline in economic efficiency slowed in the first half of the year, while the market continued to show steady recovery.

A report released by the bureau attributed the positive economic results to the state control of the economy.

However, the report also pointed out that problems of growing stockpiles and debts defaults were not eased in the first half of the year.

In the January-June period, the report said, industrial enterprises covered by the state budget experienced "pretty high recovery" in terms of income and taxes turned over to the state.

Figures show that average sales income of those firms in the first half of this year increased by 14.5 per cent from last year while taxes turned over to the state also jumped.

The report emphasized that profits in state firms dropped by 17.5 per cent in the January-June period from the same period last year, following sharp decreases in the previous two years. About one third of the country's total industrial firms are operating at a loss, the report said.

Only four provinces—Guangdong, Yunnan, Zhejiang and Hebei—and Guangxi Zhuang Autonomous Region saw profits in state firms rise. Guangdong firms took the lead, reporting a rise in profits of 77.1 percent in the first half of the year.

And only Guangdong and Hebei provinces and the cities of Tianjin and Shenyang succeeded in cutting enterprise losses, it said.

The recovery of the consumer market in the first half of this year played an active role in promoting the recovery of the economy, the report said.

During the first half of the year, state-owned firms completed a total of 96.3 billion yuan (\$18.17 billion) in fixed assets investment, up 20.9 per cent from last year, the report said.

Meanwhile, it said there existed the possibility for the rapid expansion of construction along with a sharp increase in new projects, some of which were either not in line with the state industrial policy or had received approval through inappropriate channels.

In the first half of this year, loans to the industrial and construction sectors were brought under control and improvements were made in readjusting loan structures, according to the report.

New bank loans reached 58.1 billion yuan (\$10.96 billion), a decrease of 3.15 billion yuan (\$594 million) compared to the same period last year.

In the January-June period, the country's salary payment to employees in state-budget covered firms totalled 146 billion yuan (\$27.54 billion), up 14.5 per cent from last year.

Desertification Efforts Aid Economy, Agriculture

Government Sets Goals

OW0208131891 Beijing XINHUA in English
0755 GMT 2 Aug 91

[Text] Lanzhou, August 2 (XINHUA)—For the coming ten years the Chinese Government has decided to comprehensively reclaim 6.67 million ha of desertified land to improve the ecological environment, and promote economic development and agricultural production in north China.

This was the target set by the central government at a national desert reclamation conference held in Lanzhou, the capital of northwest China's Gansu Province.

China has 1.533 million sq km of deserts and desertified land, accounting for one-sixth of the country's total.

A report from the Ministry of Forestry shows that 212 counties in 11 provinces in north China are confronting desertification problems. And grain production on 13.3 million ha of farmland is threatened by drifting sand. Around one million ha of grassland has seriously deteriorated, and 800 km of railways and highways cannot operate normally due to sand encroachment.

The ministry estimates that economic losses caused by desertification stand at 4.5 billion yuan each year. And above 60 percent of China's poverty-stricken counties are located around desertified land.

According to the plan, 20 small and medium-sized desert-control projects will be built in the coming decade. The project will run from Hulun Buir League in the Inner Mongolia Autonomous Region to the Tarim and Junggar basins in the Xinjiang Uygur Autonomous Region.

During the ten-year period, about 4.67 million ha of trees and grass will be planted and 1.33 million ha of deteriorated grassland reclaimed. In addition, 400,000 ha of farmland will be developed.

On the new farmland 133,000 ha of cash crops will be developed.

These projects are expected to generate 2.3 billion yuan each year in economic value after they are completed.

To achieve this goal, the central government will allocate 2 billion yuan for this project over the next ten years.

Leaders Write Conference

HK0108125391 Lanzhou Gansu People's Radio
Network in Mandarin 2200 GMT 29 Jul 91

[Excerpts] The national conference on tackling problems concerning deserts called by the State Council opened in Lanzhou yesterday.

General Secretary Jiang Zemin and Premier Li Peng jointly sent a letter to the conference extending warm greetings.

In their letter, Jiang Zemin and Li Peng said: Deserts cover a large area in China. Tackling problems concerning deserts is essential to the national economy and the people's livelihood and therefore is a major task of strategic significance. It is also a very pressing task [words indistinct], which has an important bearing on expanding farmland resources, improving conditions for production, promoting industrial and agricultural production and animal husbandry, improving local people's livelihood, developing the national economy, and achieving China's strategic goal of modernization.

The letter added: It is necessary to regard the work of tackling problems concerning deserts as a major project, incorporating it into the plan for economic and social development. We must take effective measures to achieve quick and fruitful results.

In tackling the problems concerning deserts, we must bring out the strength of the whole society and give play to the enthusiasm of every sector.

The letter called on all levels of party committees and governments in desert areas to include the task on their agendas, regarding it as an important matter. They must mobilize the broad masses of people, scientific and technological personnel, and resources in other fields to make determined efforts to score fruitful results.

The letter continued: In tackling problems concerning deserts, we must proceed from actual conditions, draw up a unified plan, tackle the problems in a comprehensive way, enforce strict rules and regulations, commit everyone concerned to perform his duty, and implement [words indistinct] policy. In addition, we must apply scientific and technological achievements and improve administration. [passage omitted]

State Councillor Chen Junsheng attended the meeting and made a speech entitled "Pitch in To Conquer the Desert." Forestry Minister Gao Dezhan made a work report. Provincial leaders attended to extend greetings. Provincial party committee Secretary Gu Jinchu also delivered a speech.

In his speech, Chen Junsheng said: Deserts cover a larger area and are dispersed over more regions in China as compared with other countries in the world. China is also a country in which deserts have caused great harm.

The deserts and the land which has turned into desert cover a total of 1.533 million square km nationwide, accounting for 15.9 percent of the territory and exceeding the sum total of economic area [jing ji mian ji 4842 3444 7240 4480].

Chen Junsheng went on: Since the Third Plenary Session of the 11th CPC Central Committee, we have made fresh progress in harnessing deserts. Up to now we have saved 100 million mu of farmland through tackling problems concerning deserts and planting trees. We have effectively tackled 10 percent of the land which had turned into desert. At the same time, we have opened up 20 million mu of farmland in the desert.

Chen Junsheng pointed out: Harnessing deserts, a major task which concerns the national economy and the people's livelihood and our ancestors and future generations, has yet to arouse the great concern of the whole society. Generally speaking, we are presently confronted with a situation whereby farmland continues to change into desert as we recover farmland from desert, with the former proceeding at a greater pace.

Chen Junsheng advanced clear principles for harnessing deserts: Overall planning, division of work in harnessing rivers, suiting measures to local conditions, tackling problems in a comprehensive way, [words indistinct], focusing on key projects, and trying to achieve practical results.

Chen Junsheng said: It is necessary to regard harnessing deserts as a key project of the state. In the future, we must arrange necessary investment in the project as required every year. [words indistinct]

Chen Junsheng stressed: We must truly strengthen leadership over the work to harness deserts and pay great attention to the organizational work. We must work hard to attain new heights in our efforts to harness deserts and make fresh contributions in conquering the deserts. [passage omitted]

Tibet's Imports, Exports Up First Half of 1991

HK3107122291 Beijing CEI Database in English
31 Jul 91

[Text] Lhasa (CEI)—In the first half of this year, southwest China's Tibet autonomous region achieved an import and export volume of 20.2 million U.S. dollars, up 43.3 percent from the same period of 1990.

Of the total, the export volume was 5.42 billion dollars, up 12.4 percent and the import volume, 14.76 million dollars, up 59.1 percent.

The region's main export products include sheep's wool, cashmere, yak's hair, Tibet hand-woven carpets, live sheep, Chinese caterpillar fungus, the bulb of fritillary, rapeseed and other cereals, oils and foodstuffs, light industrial products and textiles, daily-use articles and stationery. Its main imports include automobiles, household electrical appliances, machinery and equipment, pesticides and construction materials.

Tibet is one of the five biggest pastoral areas in China and has now 22.8 million head of livestock in stock. It produces not only large amount of meat and milk products every year, but also nearly 10 million kilograms of sheep's wool, 500,000 kilograms of cashmere and one million kilograms of goat's hair, yak's hair, casing and various hides.

The region also abounds in traditional Chinese medicines such as the Chinese caterpillar fungus, musk, the bulb of fritillary, digitalis ambigua, day lily, large-leaved gentian, gastrodine and bupleurum, as well as apples, walnuts and garlic.

Foreign investors are welcome for economic and trade cooperation.

East Region

Lu Rongjing at Anhui Party Meeting on Flooding

OW0308170791 Hefei ANHUI RIBAO in Chinese
27 Jul 91 p 1

["Provincial Party Committee Calls Enlarged Session of Its Standing Committee To Implement the Guidelines of Li Peng's Speech at the Meeting of Responsible Persons from the Three Provinces and One Municipality, and the Instruction He Issued When Inspecting Our Province"]

[Text] The provincial party committee held an enlarged session of its Standing Committee on 25 and 26 July to relay and carry out the guidelines of Premier Li Peng's speech at the meeting of responsible persons from the three provinces [Anhui, Zhejiang, and Jiangsu] and one municipality [Shanghai] and the instruction he issued when inspecting our province. The session also analyzed the current situation, unified the thinking of all comrades, and studied the work for the next stage. Party committees at all levels were urged to further bolster their morale, strengthen their leadership, and shift the emphasis of their work to fighting the flood while taking it as their basic task to combat great natural disasters.

Among the leaders attending the session were Lu Rongjing, Fu Xishou, Wang Guangyu, Shi Junjie, Hou Yong, Meng Fulin, Yang Yongliang, Liu Guangcai, Zhao Baoxing, and Shi Lei.

At the beginning of the session, Lu Rongjing and Fu Xishou relayed the important instruction given by Premier Li Peng when he inspected Anhui's disaster areas and the guidelines set at the meeting of responsible persons from the three provinces and one municipality. Then, reports were heard by the participants on flood control and disaster relief; on the work of industry, transportation, commerce, and trade; on propaganda work; and on strengthening the examination and supervision of the antiflood and relief efforts. This was followed by an analysis of the current situation in the province, and an earnest discussion on ways to implement the series of instructions given by the central authorities on combating the flood and providing relief to disaster areas.

Summing up the antiflood and relief work in the recent past, the session pointed out: The solicitude shown by the party Central Committee and the State Council is an important guarantee for our success in overcoming disasters. After Anhui was hit by the catastrophic flood, General Secretary Jiang Zemin promptly called up the responsible comrades of the provincial party committee to inquire about the situation. On 7 July, he came to our province in person to inspect the disaster areas and console the victims. With regard to our province's antiflood and relief work, he gave an important instruction: "Pluck up your spirits, strengthen leadership, and unite and cooperate to overcome the disaster." Immediately upon his return from an overseas trip, Premier Li Peng also phoned the responsible comrades of the provincial

party committee to inquire about the disaster. What is more, he has come to our province twice to inspect the disaster and urge the people in the disaster-hit areas to bolster their spirits to resume production, rebuild their homes, and make a success of the antiflood and relief work. The solicitude shown by the party Central Committee and the State Council is a great stimulus to the vast numbers of party members, cadres, masses, and the People's Liberation Army struggling on the frontline of the antiflood and relief work. It has enhanced their confidence and boosted their strength in overcoming the disaster. The session stressed that the instructions given by the Political Bureau of the CPC Central Committee and the leading comrades at the central level, as well as the guidelines established at the meeting of responsible persons from the three provinces and one municipality, should be viewed as a guiding thought for our work to fight the flood and provide relief. These instructions and guidelines, the session pointed out, should be earnestly put into practice. The whole party and all the people should achieve unity in thinking and reach a common understanding in this regard so as to enhance their confidence in overcoming difficulties.

Analyzing the current situation, the session stressed: The catastrophic flood has inflicted heavy damage on our province. Now, we have the arduous tasks of settling the victims and resuming production. Confronted with such a grim reality, party organizations at all levels and all Communist Party members and cadres must have a sound mentality, enhance their sense of responsibility, and feel the urgency of their work more acutely. They should lose no time in performing all tasks successfully and in surmounting the difficulties brought about by the disaster. According to the opinion expressed at the session, although our province is meeting with great difficulties at present owing to the disaster, there are many favorable conditions for overcoming the effects of the disaster. We should be adept at seeing hope amid difficulties and at discerning favorable factors under unfavorable conditions. From this viewpoint, we not only should acknowledge that we have difficulties, but also establish confidence and pluck up our courage to lead the masses in taking the initiative and making a positive effort to overcome the difficulties and meet the challenge of the disaster.

After further defining work priorities in the present stage, the meeting pointed out: While preparing to combat great natural disasters, we should shift the focus of our work to providing relief to victims. In areas seriously hit by floods, particularly in flood storage areas, our priority task is finding shelter for flood victims; providing them with food, clothing, and medical care; and enabling them to tide over the disaster. We must grasp this task firmly and effectively. Under no circumstances should we relax our efforts or lower our guard in carrying out this task. The work of accommodating flood victims is not a partial problem just for disaster-stricken areas, but one that has a bearing on the entire situation. While finding accommodations for flood victims, all localities should mobilize and organize the

masses to widen their avenues of production, to save themselves by increasing production, to drain flood water as quickly as possible, and to increase output by sowing more seeds in order to make up for losses caused by floods. All trades and departments should mobilize to do their jobs well while focusing on relief work. To create the necessary conditions for people in the disaster-stricken areas to carry out relief work, all trades and departments should subordinate all other work to relief work and see to it that everything they do is in the service of relief work. Areas only slightly affected by flooding and those not affected by flooding at all should unfold activities to increase farm production in order to make up for losses caused by the floods. They should strengthen field management, try to increase sowing of late fall-ripening crops as much as possible, and do everything possible for a good harvest. The industrial, transportation, commercial, and trade fronts should be self-reliant in supporting disaster-stricken areas, and should share the burden with the state by increasing production, raising efficiency, and developing the economy. While focusing on relief work, all localities should have an overall plan for attending to other fields of work. They should not stress one task at the expense of another.

The meeting stressed: In combating floods and providing relief to flood victims, party committees at all levels should persist in doing two things simultaneously. While finding accommodations for flood victims and helping them save themselves through production, they should grasp ideological and political work, strengthen the party ideologically and organizationally, improve its work style, earnestly commend advanced models and deeds emerging in the course of fighting floods and providing relief to flood victims, conduct deep-going and extensive education in patriotism and socialism, resolutely combat unhealthy practices, and vigorously encourage healthy trends.

Jiangsu Farmers Plant Crops Following Floods

*QW0508043491 Beijing XINHUA in English
0151 GMT 5 Aug 91*

[Text] Nanjing, August 5 (XINHUA)—Farmers in flood devastated areas in east China's Jiangsu Province have wasted no time in planting late autumn crops in a bid to reduce losses resulting from the worst flooding in decades.

In Lixia River Valley area and areas around Yangzhou, Suzhou, Wuxi and Changzhou cities, farmers are busily engaged in draining the flood water, planting late rice seedlings and sowing other crops, such as beans and vegetables.

A local official said that by the end of July farmers in the province had drained water from more than 266 million hectares of farmland, and had planted 120,000 hectares of rice seedlings, as well as other crops on an additional 190,000 hectares. Thus far, some 66 percent of the flood damaged fields have been replanted.

The flooding, which began in early June and continued into July, inundated two million hectares of farmland in Jiangsu, of which 460,000 hectares was damaged so

severely that crops for this year are unlikely. It is estimated that agricultural losses in the province will exceed 8.8 billion yuan, and the per capita income of the farmers will drop by some 160 yuan.

As part of an effort to help farmers in the region resume production, the provincial government has provided over 20 million kilograms of rice seedlings and 1.5 million kg of corn seeds, as well as buckwheat, mung bean and carrots.

In the Lixia River Valley, one of the most severely affected areas in Jiangsu, over 60 percent of the farmers who were forced to evacuate during the flooding have returned to participate in self-help activities.

In addition, in Sheyang County, one of China's leading cotton producing areas, over 500,000 farmers have been mobilized to drain water from cotton fields and work in field rehabilitation efforts.

Jiangxi Introduces New Economic Reform Plans

*HK0308082491 Nanchang Jiangxi People's Radio
Network in Mandarin 1000 GMT 31 Jul 91*

[Excerpts] Since early this year, the provincial government has adopted a series of new economic reform measures to ensure that the second-step strategic goal will be attained.

After the Seventh Plenary Session of the 13th CPC Central Committee, while studying and implementing the spirit of the session and formulating Jiangxi's 10-Year Program and Eighth Five-Year Plan, key members of the provincial party committee and government realized clearly that it is not difficult to quadruple the 1980 GNP by the end of the century, but that it is rather difficult to give the people a fairly comfortable life because Jiangxi has a poor foundation to start with. Therefore, it is necessary to take effective measures to increase the content of the economic reform.

After repeated investigations and extensive assessments, the provincial government formulated a series of new measures, including improving and carrying out in depth the reform measures that had come into force. [passage omitted]

Facts show that the reform measures introduced over the last few years have been successful. This year, the provincial government has improved these measures after analyzing the related experience. The government stressed that it is necessary to fully utilize the preferential policies granted by the central government to consolidate and expand the results gained in the economic reform.

Among these new measures, some have been introduced in succession this year: To deepen enterprise reform, the provincial government adopted measures to revitalize large and medium-sized enterprises, to reform the circulation system, the provincial government issued a circular on invigorating supply and marketing cooperatives, to reform the management system for science and

technology, the government decided to build the Nanchang new- and hi-tech development zone; and so on. [passage omitted]

Practice in the initial stage shows that these measures are positive, prudent, and feasible.

The provincial government also plans to build an experimental zone in Yichun Prefecture for the comprehensive industrialization of agriculture, to develop Jingdezhen into a city with an export-led economy, to build Yingtan into a major market for eastern Jiangxi [words indistinct], and to develop Jiujiang into an open port city on the banks of the Chang Jiang. [passage omitted]

Economists believe that these new plans are fairly practicable, accord with local actual conditions, and are feasible. These new plans bear the following characteristics:

1. They are based on available local resources. Jiangxi is rich in agricultural resources. Agriculture forms a large proportion of the local economy. The hope of giving the people of Jiangxi a fairly comfortable life lies in the countryside. Yichun Prefecture is traditionally a typical agricultural production base. Since the rural reform Yichun, by fully exploiting its superior position in agricultural production and local resources, has produced what the market needs and has developed local agriculture-related enterprises and township and town enterprises vigorously, creating a formula for developing the rural economy which combines agriculture and local industry with agriculture as the foundation. Yichun's various economic indices are expected to leap into the front rank of the whole province. The provincial government has decided to build an experimental zone in Yichun for the comprehensive industrialization of agriculture. This was designed to promote the implementation of the above formula, reform the existing economic structure and its operating mechanism, and incorporate household operation into mass socialized production to enable small-scale production to be linked with the major market. By relying on agriculture as a basic industry, it is possible to build a complete system for processing farm products and a socialized service system, and to form a new pattern that combines production, scientific research, processing, and marketing so that traditional agriculture will be modernized and the initial form of commodity agriculture will move toward fairly developed commodity agriculture. The experience gained in Yichun should be spread to other localities across the province.

2. The plans make a point of relying on local industrial advantages and refraining from evoking a general rush into action. In the past, Jingdezhen was one of China's four famous towns. It is known throughout the world for its elegant porcelain. Jingdezhen also has consistently exported a large quantity of tea. The electronics, electrical, medical, and chemical industries established over the last 10 years also gear themselves to market needs abroad. At present, export-led enterprises are playing a

leading role in Jingdezhen's industry. In addition, Jingdezhen enjoys a number of key enterprises that earn foreign exchange through exports, and produces a large quantity of chemical products, primarily for foreign markets. Last year, the value of Jingdezhen's export commodities accounted for 20 percent of the local GNP. It was because Jingdezhen's export-led economy is roughly in shape that the provincial government decided to develop it into a city with an export-led economy.

3. The plans pay attention to tapping various potential advantages and are particular about taking measures that suit local conditions. Jiangxi is endowed with favorable natural conditions and valuable natural resources, but many potential advantages have yet to be tapped. In the past, the city of Yingtan was known as the thoroughfare for six provinces. The Yingtan-Xiamen, Zhejiang-Jiangxi, and Anhui-Jiangxi railroads merge here. Yingtan also boasts two large switchyards south of the Chang Jiang; it has one of China's five major freight yards; and two national highways and five provincial highways meet here.

As far as water transportation is concerned, one can travel along the Xin Jiang to the Chang Jiang via the Poyang Hu. [words indistinct]. A number of [words indistinct] and wholesale markets are taking shape roughly. Many competent people and peasants have given full play to their remarkable skills in the circulation field and in tertiary industry. At present, taxes turned over to the government by tertiary industry throughout the city accounts for one third of the government's revenues. It was to fully tap Yingtan's latent advantages, such as good transportation facilities and a sound market foundation, that the provincial government decided to develop Yingtan into a main body for the major market in eastern Jiangxi.

4. The plans make sure that policies and measures to be introduced are practicable. While drawing up these blueprints for the economic reform this year, the provincial party committee and government was careful to ensure that all departments concerned formulate practicable policies and measures for implementing them. Jiujiang is an important port city in the mid-lower reaches of the Chang Jiang and is the northern entrance to Jiangxi. In Chinese history, Jiujiang was an important interior commercial city engaging in trade with other provinces in the country, one of China's four major rice markets, and one of its three major tea markets. In order to develop Jiujiang into an interior port city open to other provinces and regions across the country, the provincial government has adopted a series of policies and measures. As early as the Seventh Five-Year Plan, the provincial government amassed funds for infrastructure construction in Jiujiang. Since the inception of the Eighth Five-Year Plan, the provincial government has decided to invest more money in Jiujiang than in other localities. At present, funds earmarked for Jiujiang amount to 4.2 billion yuan. [passage omitted]

Shandong Wheat Crop Increases by 10 Percent

OW0308134091 Beijing XINHUA in English
0550 GMT 3 Aug 91

[Text] Jinan, August 3 (XINHUA)—East China's Shandong Province has reaped 17.5 million tons of wheat this summer, an increase of 10 percent over last year, to become the country's no. 1 wheat producer.

Local officials attributed the bumper wheat harvest mainly to the application of science and technology, especially scientific growing methods put forward by leading wheat expert Yu Songlie, a professor at the Shandong Agriculture University.

At the same time, besides organizing rational application of fertilizers, local departments have actively helped farmers prevent wheat diseases and insect pests.

With a population of 80 million, Shandong, a leading agricultural province, has eight million ha [hectares] of farmland.

According to the officials, to achieve another bumper harvest this autumn, the province has widely used fine varieties of seeds, while expanding the growing areas of autumn crops by more than the planned amount.

As a result, the autumn crops, such as maize and sweet potatoes are growing well, said the officials.

Moreover, this year the province has also planted 113,000 ha of trees.

In animal husbandry, the province's pigs in stock in the first half of this year reached 17.5 million head, up 4.8 percent over the same period of last year.

In the first half this year the province also saw a 16.1 percent increase in its aquatic products, to reach 621,000 tons.

Jinan Progresses in Utilizing Taiwan Investment

OW0308041291 Beijing XINHUA in English
0121 GMT 3 Aug 91

[Text] Beijing, August 3 (XINHUA)—Jinan city, capital of east China's Shandong Province, has made remarkable progress in utilizing Taiwan investment.

According to today's OVERSEAS EDITION of the "PEOPLE'S DAILY" [RENMIN RIBAO], Taiwan investors have established 45 cooperative or solely-funded enterprises in the city, and investment from Taiwan investors reached 15.23 million U.S. dollars.

By now, 18 of the 45 Taiwan-funded enterprises have started operation.

The utilization of Taiwan investment has greatly helped with the adjustment of product structure, accelerated the technical upgrading of rural and collective enterprises, enhanced the labor productivity and promoted the

development of an export-oriented economy of the provincial capital city, the newspaper quoted local officials as saying.

Shanghai Mayor Huang Ju Inspects Flooded Areas

OW0208123091 Beijing XINHUA Domestic Service
in Chinese 1438 GMT 1 Aug 91

[By XINHUA reporter Chen Maodi 97115 3029 1717]:
"Feature: Mayor's One Day in Flood-Battered Areas"]

[Text] Shanghai, 1 Aug (XINHUA)—Today was another of those dog days in Shanghai.

Shanghai Mayor Huang Ju, along with responsible persons of pertinent commissions and offices under the municipal government, made a tour around the Qiansheng Dang [lake] in Qingpu County to see how crops were doing after the flooding and to pay a visit to peasant families hit by the floods despite a scorching sun high in the sky. In addition, they discussed with county, township, and village cadres, as well as flood-hit peasants, ways to implement measures aiming at boosting production to provide for and help local people and developing local economies.

Water was drained off from Hongqi Tang and Qiansheng Dang, both located in Qingpu County, in an early July bid to get rid of some of the excess water in the drainage area of Tai Hu. This resulted in the inundation of farmland in the surrounding areas. Local residents, having the cardinal principles in mind and taking the overall situation into account, made the sacrifice.

This was the eighth time in a month that Huang Ju has been to Qiansheng Dang to inspect the flood situation and direct flood-fighting efforts. In a boat, speaking to Yang Ruyun, secretary of the Qingpu county party committee, Huang Ju said: "Our visit today is, on the one hand, to familiarize ourselves with local efforts in boosting production to provide for and help themselves and, on the other, to study ways to carry out measures for economic development. People in disaster areas are very concerned about this; some of them even wrote letters to me. We ought to help put their minds at rest. They have demonstrated their selfless style; the government will not forget them."

County Secretary Yang Ruyun told Huang Ju: "Several thousand mu of cropland in Liansheng Township was submerged when water was let out of the Qiansheng Dang. As soon as the flood showed signs of receding, peasants raced against time and planted more than 300 mu of late rice. Now, all the rice seedlings have turned green." On hearing that, Huang Ju made a special effort to go ashore to have a talk with Zhong Asi, a resident of Lianze Village, who was transplanting rice seedlings. Huang Ju said: "You people made sacrifices to help release excess water from Tai Hu. Rest assured that the government will find ways to help you. The government will work with you to find ways to solve your problems."

Zhong Asi felt relieved on hearing that, and a smile broke over his face, dripping with sweat.

Next, Huang Ju went to the house of Jin Wei in Qiansheng Village, Liansheng Township. Jin Wei calmly told the mayor: "After some discussion, my family all agreed that the dependent mentality is no good." Pleased, Huang Ju patted Jin Wei on the shoulder and said: "You are right. The dependent mentality is no good."

At the house of Zhang Jintu, who was affected by the floods, Huang Ju told villagers: "Without help from the Heavens, we have to help each other. The losses in agriculture have to be made up for with sideline production. Likewise, what is lost in sideline production has to be compensated with industry, and what is lost inside the embankments has to be made up for from the outside."

Smiling, Zhang Jintu chimed in: "There is a limit to compensation. The best bet is to develop production."

Huang Ju said: "Right! The really important thing is to develop production. This, however, requires that everyone makes joint efforts."

It was about noontime. After a quick bite at the canteen in the Liansheng Township Government Office, Huang Ju and his party summoned city, county, township, and village cadres, as well as representatives of flood-stricken residents, to discuss such matters as boosting production to provide for, and help, local people, and developing local economies. The meeting lasted for more than three hours and a complete package of measures was formulated. In the end, summing up the opinions and suggestions from everyone, Huang Ju put forward clear and specific requirements regarding compensation for flood-hit residents, measures for boosting production to provide for, and help, local people, future economic development, plans for construction of water conservation facilities, and the role of party members and cadres.

Zhejiang Congress Hears Report on Family Planning

OW0208181291 Hangzhou Zhejiang People's Radio Network in Mandarin 0900 GMT 27 Jul 91

[Text] The 23d meeting of the Standing Committee of the seventh provincial People's Congress continued its plenary session this morning. Vice Chairman Wang Qidong presided over the session. Chairman Chen Anyu and Vice Chairmen Wu Minda, Li Yuhua, Wang Yumin, and Yang Bin attended the session.

At the request of the provincial People's Government, the session heard a work report delivered by (Xu Aiguang), chairman of the province's Family Planning Commission, on our province's progress in family planning in the 1980s, and on the population situation and relevant tasks in the 1990s.

(Xu Aiguang) said: From 1981 to 1990, our province made tremendous achievements in family planning. According to an analysis of data gathered in the national census, the national rate of natural population growth

was 12.45 per thousand from 1982 to 1990. Our province's rate was 8.28 per thousand, or 1.58 million people fewer than the national average. In particular, during the Seventh Five-Year Plan, when it faced peak population growth, our province still managed to accomplish the population control plan in a satisfactory manner, and was named one of the best provinces in the country in this respect.

(Xu Aiguang) said: In the next decade, our province plans to keep its population growth below the national average by an additional 1.7 million people. Therefore, our province's population situation in the 1990s is still very grim, and the task of controlling population growth is very arduous. In order to achieve our province's goal of population control in the 1990s, (Xu Aiguang) suggested that the Standing Committees of People's Congresses at all levels should be asked to further exhort People's Governments at their respective levels to strengthen family planning, and further perfect and implement supplementary measures to provincial regulations on family planning. At the same time, they should be asked to exhort governments at the corresponding level to assist family planning departments in solving practical problems so as to ensure the implementation of pertinent work and to support governments in rendering such assistance.

The session also heard a report by (Zhang Huailin), deputy general manager of the Qinshan Nuclear Power Corporation, on the first phase of the Qinshan Nuclear Power Plant construction project, as well as a report by (Tian Zhenyuan), director of the State Nuclear Safety Administration's (Tiandu) station in Shanghai, on the plant's safety conditions.

Vice Governor Xu Xinguan and Chief Procurator Hu Canshi were observers at the meeting.

Central-South Region

Zhu Senlin Rewards Advanced Cities, Counties

HK0408065091 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 2 Aug 91

[Text] At the provincial industrial and communications work conference this afternoon, the provincial People's Government commended advanced cities and counties that excelled in communications construction in the Seventh Five-Year Plan and rewarded advanced state-run industrial enterprises that turned losses into profits in 1990.

Acting provincial Governor Zhu Senlin and provincial Vice Governor Zhang Gaoli conferred certificates of merit on all the units commended at the conference.

The Seventh Five-Year Plan witnessed an unprecedentedly high rate of highway, marine transport, traffic, transportation, production, and basic facility development in our province. The 0.34 million staff members and workers on our province's communications front

contributed greatly to changing the situation in which communications and transportation lagged behind national economic development.

The advanced cities and counties commended for their communications construction included: Dongguan, Shantou, Shenzhen, and five other cities, as well as Panyu, Shunde, Nanhai, and 27 other counties.

Guangdong To Get More Funds From Bank of China

HK0408081391 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 4 Aug 91 p 2

[“Report From South China” by staff reporter Lao Yuan]

[Text] The most powerful bank specializing in foreign trade in Guangdong Province has promised to pump more funds into this southern coastal region—known as the locomotive of Chinese economic development.

Huang Yinchu, general manager of the Guangdong branch of the Bank of China [BOC], said that two to three billion yuan (\$375 million to \$560 million) of added loans would be provided to support foreign trade for the rest of the year.

Half of the money would be used to fund purchases by foreign trading firms for export and the other half to fund foreign-invested and export-led businesses.

According to Huang, Guangdong's foreign-exchange earnings from exports totaled \$5.6 billion in the first half. And this year's exports might exceed last year's total.

To support booming local industry, Huang said, foreign-exchange credits totalling \$100 million would be pumped into export-led firms in the remaining part of this year, if the BOC gives the go-head.

The BOC has vowed to further tighten its money and credit supplies for the remainder of the year despite the fact that foreign trade firms want more money to purchase goods for export.

Claiming to be capable of offering all modern international banking services, BOC's Guangdong branch is the most powerful BOC division employing 15,000 people in 1,066 sub-branches.

By the end of June, outstanding loans totalling 30 billion yuan and \$4.6 billion were provided by the BOC branch.

During the same period, a total of 196.6 billion yuan of outstanding loans and \$24.6 billion in foreign-exchange credits were provided by the BOC.

Huang said the yuan denominated loans provided this year included 15.6 billion yuan for foreign trading firms, 710 million yuan less than last year; 5.23 billion yuan for foreign-related firms and services, an increase of 630 million from last year and 3.25 billion yuan for foreign-invested firms, up 280 million yuan.

The drop in loans for foreign trade was due to the introduction of a new foreign trade system this year which has forced firms to improve management and lower production costs, thus reducing loan demand, he said.

Huang said the bank's yuan deposits totaled 18.3 billion yuan in the January-June period and might reach 20 billion yuan by the end of this year. Its foreign exchange deposits stood at \$2.5 billion in the period.

Since more and more overseas investors are setting up processing businesses in rural areas because of lower labour costs, Huang said that about 40 percent of his sub-branches operated there to facilitate foreign-capital flow.

Zhao Fulin Mobilizes People for Sports Meet

OW0408074791 Beijing XINHUA Domestic Service in Chinese 1156 GMT 3 Aug 91

[Report by Wen Ping (2429 5493): “Guangxi Province Launches General Mobilization To Prepare for Minority Nationality Sports Meet”]

[Text] Nanning, 3 Aug (XINHUA)—There are 98 days left before the opening of the Fourth National Minority Nationality Sports Meet. Zhao Fulin, secretary of the Guangxi Zhuang Autonomous Regional CPC Committee, issued a general mobilization order once again today, calling on the people of all nationalities to continue to exert themselves and press on to the finish without letup in making joint efforts to strive for a solemn, lively, brilliant, and satisfactory Fourth National Minority Nationality Sports Meet.

The efforts “to contribute to the minority nationality sports meet, which will add luster to Guangxi,” have become apparent in all areas throughout Guangxi over the past few months. Tens of thousands of workers participating in the construction of various projects for the minority nationality sports meet are working hard around the clock. Seven of the 15 projects have been completed, while rehearsals are in full swing for a large-scale song-and-dance performance to be staged by more than 11,000 minority nationality people at the grand opening ceremony. The top 10 service industries in Nanning have launched a program to strive to be rated “excellent in providing three kinds of services,” while the public security cadres and policemen are trying to do a good job in protecting the participants. According to incomplete statistics, more than 120 departments and units and over 130,000 people have taken part in the preparatory work and related labor for the minority nationality sports meet.

After summing up the achievements mentioned above, Zhao Fulin pointed out: It is still necessary to increase publicity and news reports on the Fourth National Minority Nationality Sports Meet in the future; do a good job in preparing for both the opening and closing ceremonies of the sports meet, which will be a get-together for various nationalities; and speed up construction of various projects for the sports meet. In addition,

it is necessary to do a good job in setting up receptions, maintaining public order, strengthening urban administration, and enabling the whole society to participate in this great and solemn minority nationality sports meet through cooperation and unity among all the departments concerned and through their hard work.

Deng Hongxun at Hainan Antimalpractice Meeting

HK0508065091 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 31 Jul 91

[Excerpt] The three-day provincial work conference on rectifying unhealthy professional tendencies ended in Haikou yesterday [31 July].

Governor Liu Jianfeng gave a concluding speech.

Leaders from the provincial party committee, People's Congress, government, Chinese People's Political Consultative Conference, and Discipline Inspection Commission, including Deng Hongxun, Liu Jianfeng, Bao Keming, Wei Zefang, Li Zhimin, and so on, were present.

Comrade Bao Keming presided over yesterday's meeting.

During the three days, responsible members from organs under the provincial party committee and government and from various cities, counties, and departments attending the meeting conscientiously studied documents issued by the party Central Committee and State Council on rectifying unhealthy professional tendencies and the speeches made by Comrades Deng Hongxun and Bao Keming. Through the study, they deepened their understanding of the importance of the drive to rectify unhealthy professional tendencies and profoundly realized that if we fail to rectify undesirable tendencies and cultivate a new socialist general mood in society, socialist economic construction and the building of socialist spiritual civilization in this special economic zone will be out of the question, thus separating ourselves from the masses.

Rectifying unhealthy professional tendencies and the three irregularities of unauthorized charges, apportionments, and fines accords with the people's immediate interests and demands. Leading cadres must encourage the masses to take part in the drive by leading the way and setting an example through their actual actions.

In his concluding speech, Comrade Liu Jianfeng said: The meeting has been successful. Everyone has arrived at a better understanding of the need to rectify unhealthy professional tendencies and the three unauthorized practices. During the three-day period, we studied related central documents and exchanged experiences gained in the struggle against unhealthy professional tendencies and the three irregularities. We took two days to discuss the matter in a deep-going way in conjunction with the situation in our own units, departments, and areas. We laid bare various manifestations and characteristics of

unhealthy professional tendencies, and proposed initial plans for rectifying unhealthy tendencies and the three unauthorized practices.

After reaffirming the meeting's achievements, Governor Liu Jianfeng called on all localities to do a good job in carrying out ideological education and in selecting a breakthrough point in the campaign, and to strengthen leadership over the campaign.

He pointed out the serious harm done by unhealthy professional tendencies. He stressed: Leading cadres at all levels must really pay attention to and get an effective grip on the work. Passivity, fear of difficulty, and a perfunctory attitude are extremely harmful to our work. If any unit, department, or area fails to exercise effective leadership over the work, the provincial party committee certainly will reshuffle the leading body concerned.

He continued: The key to rectifying unhealthy professional tendencies and unauthorized practices lies in leadership. As long as all levels of leadership take the matter seriously, include the matter on their agendas, take effective measures to rouse party members and the masses to action, and do the work in a down-to-earth manner, we surely can do away with the harm done by unhealthy professional tendencies. [passage omitted]

Hou Zongbin Meets Foreign Relief Officials

HK0408080991 Zhengzhou Henan People's Radio Network in Mandarin 2200 GMT 1 Aug 91

[Excerpts] On the evening of 31 July, provincial party committee Secretary Hou Zongbin and Governor Li Changchun, who were inspecting disaster-relief work in Gushi County, cordially met with Mr. (Douglas Haynes) and his wife, who are officials of the International Development and Relief Organization, in the guesthouse of the Gushi County party committee.

Hou Zongbin and Li Changchun expressed welcome and thanks to Mr. and Mrs. (Haynes) for coming to inspect and provide aid to our province's flooded and waterlogged areas on behalf of the International Development and Relief Organization.

Governor Li Changchun gave an account of our province's disaster situation and relief work to his guests. [passage omitted]

Li Changchun told the (Haynes): The party Central Committee and the State Council have shown great concern for Henan. People from all walks of life both inside and outside Henan have donated a great deal of money and goods to help Henan. Our province has allocated a large quantity of financial and material resources to support disaster-relief efforts. We have confidence in overcoming the current difficulties with the help of all quarters.

The (Haynes) said: After a two-day inspection, we have gained a deep impression of Henan's disaster-relief work.

The governments at all levels in Henan have indeed done a lot of work in resettling disaster-stricken people.

At the end of the meeting, Mr. (Haynes) presented two International Development and Relief Organization pins to Hou Zhongbin and Li Changchun.

Epidemic Conditions Said Under Control in Henan

HK0408051491 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0736 GMT 3 Aug 91

[Report by special reporter Chao Yuan-kuang (6392 6678 0342)]

[Text] Zhengzhou, 3 Aug (ZHONGGUO TONGXUN SHE)—Some 10 percent of the residents in the heavily flooded and waterlogged areas in Xinyang and Zhumadian, Henan Province, have fallen ill, mainly suffering from high fever, influenza, malaria, and enteritis. At present, epidemic conditions in the flood-stricken areas have been brought under control, and there is no widespread epidemic in the province.

A person in charge of the Henan Provincial Public Health Department told this reporter: During the initial period of the flood, many servicemen and civilians who had braved heavy rain to fight the flood contracted influenza, high fever, and other diseases. As water sources in the flood-stricken areas were polluted and mosquitoes later multiplied in waterlogged areas, a large number of residents and people engaged in the flood-combating operation were infected with infectious intestinal and other diseases that spread through worms. Thus, 12 large hospitals in Henan Province promptly sent 12 medical teams to 12 counties in Xinyang and Zhumadian Prefectures to assist local medical workers and military surgery teams in disease prevention and treatment. Meanwhile, a medical team from the State Science and Technology Commission, bringing a batch of much-needed medicines with them, arrived in areas seriously stricken by flood in Henan Province on 25 July to render medical service to local people.

The person in charge said: At present, the epidemic condition is under control, the incidence of disease has dropped remarkably, and there is no widespread epidemic in the province. However, he estimated that some 10 percent of people in these areas seriously stricken by the flood have fallen ill.

To ensure that no epidemic will prevail after the flood, the provincial Public Health Department is going to send more medical teams to the flood-stricken areas, will keep a constant eye on the epidemic conditions, and is ready to take prompt measures to bring the situation under control if necessary. For the moment, the focus is placed on the disinfection of drinking water, the supply of clean and safe drinking water, and the conveyance of knowledge on hygiene and disease prevention in the flood-stricken areas, the person in charge of the provincial Public Health Department added.

More Gold Deposits Discovered in Western Henan

OW0208150991 Beijing XINHUA in English 0750 GMT 2 Aug 91

[Text] Zhengzhou, August 2 (XINHUA)—Chinese geologists have discovered new deposits of gold in the Xionger Mountains, which are located in western Henan Province.

A spokesman with the geological prospecting teams said that gold ore had been found in more than 19 places.

So far, mining has started on 11 of these spots, according to the spokesman.

Experts say that the Xionger Mountains may become an important gold production base for China if departments concerned can provide enough money for development.

Hubei Drafts Housing System Reform Plan

HK0508005791 Wuhan Hubei People's Radio Network in Mandarin 1130 GMT 2 Aug 91

[Text] In order to ease housing pressure, continually improve residents' living conditions, correctly guide consumption, gradually commercialize housing, and develop the real estate business, our province has formulated a draft plan for urban housing system reform.

Yesterday, the provincial People's Government issued a circular calling on various prefectural, city, autonomous prefectural, and county People's Governments to submit this draft plan to urban residents across the province for discussion and to invite their views and proposals on formulating a scientific and rational plan for reform of the housing system.

The draft plan outlined the following basic train of thought governing a province-wide reform of the urban housing system: To change the low rent and uncompensated housing distribution system; adhere to the principle of more rent for more housing area; rationally readjust residents' consumption structure; rectify housing-related malpractices; establish a new mechanism under which the state, work units, and individuals jointly invest in building residential quarters; ensure a benign circle of housing funds; push ahead with the development of the real estate business, the building industry, and other relevant industries and trades.

The specific measures to be employed include: To readjust rent standards, collect leasing deposits, sell publicly owned residential flats, set up a housing fund, speed up housing construction, and strengthen leadership over housing reform.

The circular issued by the provincial government stressed: All areas and departments must attach great importance to this work; practically strengthen leadership; assign personnel to take charge of the work; organize staff members, workers, and residents to conscientiously discuss the draft plan and put forward views on revising it. During the discussions, it is necessary to carry out extensive propaganda so as to mobilize the masses by

various means and channels, and to give full play to the role played by trade unions, Communist Youth League committees, women's federations, and neighborhood committees, as well as all quarters concerned. In principle, the views and proposals expressed by people in various areas first should be collected and sorted out at the county, city, and district levels, and then should be submitted to various prefectural administrative offices, as well as to city and autonomous prefectural People's Governments for synthesis. The synthesized views should be submitted to the provincial People's Government before September of this year. In the meantime, a duplicate copy of the synthesized views should be sent to the provincial housing system reform office.

People's organizations, enterprise, and undertakings, as well as individual residents also can send their views and proposals directly to the office of the provincial leading group in charge of housing system reform.

North Region

Li Ximing Attends Beijing Retired Cadres' Forum

SK0508100791 Beijing BEIJING RIBAO in Chinese
26 Jun 91 p 1

[By reporter Sun Yushan (1327 3768 1472): "Attend to The Major Work of Training Successors for Carrying Out Revolutionary Cause"]

[Text] Yesterday afternoon, the municipal party committee held a forum of some retired party-member cadres. Li Ximing, secretary of the municipal party committee; Mayor Chen Xitong; and other leading comrades jointly reviewed the 70 years of the brilliant course of the CPC, and along with the participant freely discussed the party's glorious traditions.

At the forum retired cadres—including Luo Weian, Li Zhiyuan, Zhang Yanfen, Yan Wenda, and Fan Ming—gave speeches on further strengthening party building and ideological and political work and on promoting the building of clean politics.

Addressing the forum, Li Ximing and Chen Xitong pointed out: Under the situation of reform and opening up, our whole party should strengthen the study of Marxism and should combine education on Marxism with the training on party spirit. It is hoped that veteran comrades will exert greater efforts to train successors to carry out the revolutionary cause. Veteran comrades are rich in revolutionary experience. They should display their own political advantages, strive to publicize Marxism, and attend to the major task of training successors to carry out the revolutionary cause.

Li Qiyuan, deputy secretary of the municipal party committee, presided over the forum.

Municipal leaders—including Zhao Pengfei, Bai Jiefu, Wang Guang, Zhang Jianmin, Chen Guangwen, and Ouyang Wenan—attended the forum.

Wang Qun Receives Touring PRC Diplomats

SK0408094591 Hohhot Inner Mongolia People's
Radio Network in Mandarin 1000 GMT 3 Aug 91

[Text] On the morning of 2 August Wang Qun, secretary of the autonomous regional party committee, received at the region's Jingcheng Guesthouse a number of Chinese diplomatic envoys stationed in foreign countries who are on a fact-finding tour in the region. During the reception Wang Qun, on behalf of the autonomous regional party committee and the people of various nationalities across the region, extended a warm welcome to the diplomatic envoys on their fact-finding tour. He urged the diplomatic envoys and comrades in consulates stationed in foreign countries to play an active and promotional role in building bridges for the autonomous region to more extensively develop economic and technical exchanges and cooperation with various countries in the world. This will promote the region's economic construction and enable the autonomous region to vigorously introduce funds, talented personnel, and equipment.

During the reception, Cai Fangbo, the PRC ambassador to France, and Zhang Delin, the PRC ambassador to the Mongolian People's Republic, who were heading the Chinese diplomatic envoys' delegation, extended thanks for the enthusiastic reception. They expressed their will to making efforts to further publicize the region's conditions and to promote exchanges and cooperation between the region and foreign countries.

Zhang Dinghua, deputy secretary of the autonomous regional party committee, attended the reception at which Zhao Zhihong, vice chairman of the autonomous regional people's government, briefed the diplomatic envoys' delegation on the region's situation.

That evening Bu He, chairman of the autonomous regional People's Government, received the diplomatic envoys and their wives at the Neimenggu Hotel, and had dinner with them. Attending the reception were leading personnel of the regional level party and government organs, including Liu Yunshan, Pei Yingwu, Liu Zuohui, Zhao Zhihong, and (Ju Jinhua).

During their stay in the region, the diplomatic envoys' delegation will pay a 10-day visit among the cities of Hohhot and Baotou, as well as the Leagues of Ulanqab, Ih Ju, and Xilin Gol.

Bu He Discusses Inner Mongolia's Nadam Festival

OW0408170391 Beijing XINHUA Domestic Service
in Chinese 2047 GMT 3 Aug 91

[Text] Hohhot, 3 August (XINHUA)—During an interview with a XINHUA reporter a few days ago, Bu He (Mongolian), chairman of the Inner Mongolia Autonomous Regional People's Government, answered questions on the holding of the "Nadam" Festival in Inner Mongolia.

[Reporter] What is the "Nadam" festival held in Inner Mongolia?

[Bu He] Since the introduction of reform, Inner Mongolia has witnessed successive years of good results in agricultural and livestock production, steady growth in industrial production, prosperity and stability, good government, harmony among the people, and the best period of unity among nationalities in the history of the autonomous region. To display the autonomous region's achievements in reform, opening to the outside world, and socialist modernization; to enable people in China and foreigners to further understand Inner Mongolia's advantages in natural resources, investment environment, and potential in economic development; and to promote mutually beneficial economic and technological cooperation and exchanges between Inner Mongolia and foreign countries and other parts of China, the autonomous regional authorities have decided to hold a regional "Nadam" Festival in Hohhot 15-20 August. This festival will be the largest grand meeting of national unity and the largest economic and cultural exchange in the history of the autonomous region. Its purpose is to promote "unity, friendship, opening to the outside world, and advancement." We have sent invitations to the various provinces, autonomous regions, and cities in other parts of China, as well as to 51 countries and regions of the world. During the grand meeting, economic and trade fairs and a grassland tourism festival will be held. Through these means, we plan to expand ties between people of all nationalities in Inner Mongolia and people in other parts of China and in foreign countries and to enable Inner Mongolia to enter the domestic and international markets.

[Reporter] What advantages does Inner Mongolia have in the way of natural resources?

[Bu He] Inner Mongolia is very rich in products and natural resources. To sum up these resources, we can say that "there are forests in the east, iron in the west, grain in the south, livestock in the north, and coal everywhere." The region now has 166.49 million hectares of forests, which make up 13.4 percent of China's total forest area, ranking first in the country; its grassland stretches more than 2,000 km, with an area of more than 86.667 million hectares, or more than one-fifth of China's total area of grassland, ranking first among China's four big grasslands. In addition, among the more than 70 kinds of verified mineral resources, rare earth deposits account for more than 90 percent of the world's total reserves; its natural alkali deposits account for one-third of China's total reserves; its metal ore deposits make up more than 91 percent of the world's total reserves. Verified coal deposits are more than 200 billion tonnes, accounting for about one-fourth of China's verified reserves. Prospective reserves have been estimated to exceed 1000 billion tonnes, which includes 15 large coal fields with more than 1 billion tonnes of reserves each. Four of the five open coal mines developed as key state projects during the Seventh Five-Year Plan are in Inner Mongolia. They are Imeihe, Helinhe, Jungar, and

Yuanbaoshan. Petroleum reserves in the Erenhot Pendi has been initially verified at 100 million tonnes, and production now is under way at the Eren oil field, which is capable of producing 1 million tonnes of crude a year.

[Reporter] What about the conditions and environment for businessmen from other parts of China and from foreign countries for investing in Inner Mongolia?

[Bu He] Recently, the regional people's congress passed the first regulations drawn up by the people's government of the Inner Mongolia Autonomous Region to encourage foreign investment. The regulations stipulate special preferential treatment in taxation, use of land, credit, and product exports for foreign-invested enterprises. Meanwhile, the autonomous region will extend similar preferential treatment to domestic state-run and private enterprises if they invest in the region. Speaking of investment conditions, Inner Mongolia is better than other places. It is neither as remote and inaccessible, nor as bleak and desolate as people think. The Inner Mongolia Autonomous Region stretches from northeast China to north and northwest China, borders on eight provinces (Heilongjiang, Jilin, Liaoning, Hebei, Shanxi, Shaanxi, Gansu, and Ningxia), is close to Beijing and Tianjin, is adjacent to the Soviet Union and Mongolia, and has many important land route ports, such as Manzhouli and Eren. Two new ports—Heishantou and Shiwei—and four small goods transit stations were opened last year. Approved by the State Council, two economic reform experimental zones were set up, in Hulun Buir League and Wuhai Municipality. These two zones have been very helpful in developing an export-oriented economy. Compared with 1978, the total volume of Inner Mongolia's foreign trade increased 29.94 times in 1990. The autonomous region is now trading with more than 60 countries and regions of the world. In particular, its border trade and technological cooperation with the Soviet Union, Mongolia, and the East European countries have developed quickly. A long-distance and city telephone network connecting urban and rural areas in the region and all parts of the country, has taken shape in Inner Mongolia, with its center at Hohhot. The network is equipped with both mobile and video telephones. Five leagues in Inner Mongolia now are connected with the domestic long-distance automatic telephone network, and there is now direct-dial telephone service between Hohhot and more than 180 countries and regions throughout the world. In Inner Mongolia the number of telephone sets per 100 persons has exceeded the country's average. Its transportation services are no longer the same as before. The region has more than 10 rail lines connecting with both domestic and international lines. An international train service to Ulaanbaatar was inaugurated recently. There are many roads in Inner Mongolia. Bus service reaches 70 percent of the region's villages and towns. In civil aviation service, there are direct flights to Beijing, Guangzhou, Shanghai, Wuhan, Nanjing, Ningbo, Huangshan, Xian, Shenyang, Luoyang, Yanji, and other areas. Within the autonomous region there are direct flights to Baotou, Chifeng, Xilin Hot, and Hailar Prefectures.

[Reporter] How have the preparations for the "Nadam" grand meeting proceeded?

[Bu He] People of all nationalities in the autonomous region have made great preparations for the grand meeting. The main site of the grand meeting includes China's largest horse racing track. An expansion and repair project for this racetrack has been completed. Arrangements of exhibits from the Inner Mongolia Exhibition Hall and the Geological and Mineral Hall and Museum are progressing smoothly. Various leagues and cities of the autonomous region will organize famous, high-quality, new, and indigenous products to participate in the festival. Moreover, goods will be ordered from other parts of China to enrich the market during the festival. Invitations have been extended to domestic and foreign businessmen to exhibit their products at the festival. In addition to various supermarkets in the city, commodity streets and food streets will be organized, and 200 yurts will be set up in the horse racetrack to form a hot (city). Various large hotels in the autonomous region have been renovated and are ready to provide good service to customers. Literary and art troupes and athletes of various nationalities in the region are stepping up rehearsals. During the festival, guests will be able to see rich and colorful literary and art performances and sports competitions replete with national characteristics. Riding teams from Japan, Singapore, Thailand, Australia, New Zealand, Taiwan, and Hong Kong will participate in competitions to enhance the fun. If you have a chance to visit a yurt as guests, you will be able to taste a wine made of mare's milk and a special meat dish called Shouharou. It is also great fun to witness the customs of herdsmen in a pastureland.

Bu He told the reporter: We welcome both domestic and foreign guests to visit Inner Mongolia for sightseeing and business purposes. The sons and daughters of the grassland, who feel warmly and fondly toward guests, will extend a warm welcome to guests and friends from all corners of the world.

Inner Mongolia CPPCC Standing Committee Meets

SK0308050991 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 1 Aug 91

[Text] The 14th Standing Committee meeting of the sixth regional committee of the Chinese People's Political Consultative Conference [CPPCC] opened in Hohhot this morning.

The items on the agenda are to study the CPC Central Committee's circular on studying the second edition of Volumes I-IV of the *Selected Works of Mao Zedong*, Comrade Jiang Zemin's speech at the rally to mark the 70th anniversary of the founding of the CPC, and the CPC Central Committee Propaganda Department circular on conscientiously studying Comrade Jiang Zemin's speech. Other agenda items are to relay and

implement the guidelines of the 15th Standing Committee meeting of the Seventh CPPCC National Committee; to hear and discuss the Inner Mongolia Autonomous Region's report on deepening reforms and enlivening large and medium-sized enterprises; and to approve personnel appointments and removals.

Shi Shengrong, chairman of the CPPCC regional committee, attended the meeting. Wu Ligeng, vice chairman of the CPPCC regional committee, chaired the meeting. Present at the meeting were Han Ming, Li Shuyuan, Yun Zhaoguang, Wang Chongren, Chen Jie, Tu Ke, Lan Qianfu, Yun Shufen, Qi Zhongyi, Wu Lan, Zhang Shunzhen, and Zhou Junqiu, vice chairmen of the CPPCC regional committee, and Ha Lun, secretary general of the CPPCC regional Committee. Qian Fenyong, deputy secretary of the regional party committee, was invited to attend the meeting.

Through examinations and discussions, the meeting participants approved the agenda and the schedule of the 14th Standing Committee meeting of the sixth CPPCC regional committee. They studied the CPC Central Committee's circular on studying the second edition of Volumes I-IV of the *Selected Works of Mao Zedong*, Comrade Jiang Zemin's speech at the rally to mark the 70th anniversary of the founding of the CPC, and the CPC Central Committee Propaganda Department circular on conscientiously studying Comrade Jiang Zemin's speech.

Personnel Changes Approved

SK0408114591 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 3 Aug 91

[Text] After a three-day session, the 14th session of the sixth autonomous regional Chinese People's Political Consultative Conference [CPPCC] Standing Committee concluded in the city of Hohhot on the afternoon of 3 August.

Shi Shengrong, chairman of the autonomous regional CPPCC committee, attended the meeting, and Wu Ligeng, vice chairman of the autonomous regional CPPCC committee, presided. Attending the meeting were vice chairmen of the autonomous regional CPPCC committee, including Han Ming, Li Shuyuan, Baoyanbatu, Yuan Zhaoguang, Wang Chongren, Chen Jie, Tu Ke, Lan Qianfu, Yun Shufen, Qi Zhongyi, Wu Lan, Zhang Shunzhen, and Zhou Junqiu.

During the meeting, the participants approved the resignation submitted by Comrade Ha Lun, secretary general of the autonomous regional CPPCC committee, and made a decision on submitting the resignation to the fifth session of the sixth autonomous regional CPPCC committee for further approval. They also approved the appointment of Zhou Junqiu, vice chairman of the regional CPPCC committee, as secretary general of the regional CPPCC committee and made a decision on submitting the appointment to the fifth session of the sixth regional CPPCC committee for further approval.

Shi Shengrong delivered a speech at the meeting, in which he stated that encouraging the chairmen and members of the CPPCC committees to frequently, unswervingly, and earnestly study the *Selected Works of Mao Zedong* and to correctly master and apply Mao Zedong Thought should be regarded by these chairmen and members as a long-term and fundamental task for conducting self-education and enhancing their self-improvement. The CPPCC organizations at all levels should actively organize, direct, and urge their members to carry out activities to study the *Selected Works of Mao Zedong*, and through study, upgrade their levels in theory and policy, improve their work style, and conduct CPPCC work even better. Meanwhile, CPPCC committees at all levels should regard the work of earnestly studying and mastering the spirit of the speech given by Comrade Jiang Zemin as a major content for studying theories and conducting ideological and political work in the next period.

Shi Shengrong emphatically pointed out in his speech that the currently important task in CPPCC work is to make further use of the unified function of the CPPCC organizations, of their functionary role, and of their intelligent strong points so as to vigorously serve the state's and region's programs to improve the economic environment, rectify economic order, deepen the reform drive, and enliven enterprises. We should further enhance investigation and study, actively suggest ways and means, and positively assist or coordinate the party and the government in carrying out their work. The broad masses of CPPCC members also should work hard at their own posts, actively offer opinions and policies, and make contributions to the region's programs.

Tan Shaowen Meets CPPCC Inspection Group

SK0508101391 *Tianjin TIANJIN RIBAO in Chinese*
20 Jun 91 p 1

[By Wang Yongliang (3769 3057 0081): "The National CPPCC Inspection Group Arrives in Tianjin"]

[Text] On the morning of 19 June, the inspection and fact-finding group of the Chinese People's Political Consultative Conference [CPPCC] National Committee, headed by Mei Shengwei and composed of a number of members of the CPPCC National Standing Committee and of members of the CPPCC National Committee, arrived in Tianjin Municipality to carry out seven days of inspection and observation activities.

Cordially meeting all members of the CPPCC national inspection and fact-finding group at the Tianjin Guest-house that evening were leading comrades from the municipal-level organs, including Tan Shaowen, Liu Jinfeng, Yang Jingheng, Li Changxing, Xiao Yuan, He Guomo, and Fang Fengyou; Gou Jinhou, secretary general of the CPPCC municipal committee; and Liu Zengti, director of the United Front Work Department under the municipal party committee. During the reception, Tan Shaowen delivered a speech in which he extended a warm welcome to the CPPCC national inspection group and urged them to offer more opinions and suggestions while conducting inspections and observations so as to assist or promote the municipality's development.

During their stay in the municipality, the CPPCC national inspection group will examine and inspect the municipality's work to build urban infrastructure, harbor facilities, and economic development zones. They will visit some plants and enterprises to learn about the production situation and to hold forums with cadres, workers, and technical personnel at the grass-roots level; and also will hold forums with the leading personnel of the municipal-level organs and the responsible personnel of relevant departments to exchange opinions.

Sees Delegation Off to Italy, Spain

SK0508065691 *Tianjin TIANJIN RIBAO in Chinese*
22 Jun 91 p 1

[Text] The seven-member Tianjin municipal delegation headed by Liu Jinfeng, deputy secretary of the municipal party committee, and entrusted by the International Liaison Department under the CPC Central Committee to introduce the agricultural managerial technologies of Western Europe left Beijing Municipality by plane for Italy and Spain on 21 June. It will make fact-finding tours and pay friendly visits to the two countries. The municipal delegation specifically will study the situation and experience gained by Italy and Spain in developing their agriculture, will enhance the understanding and friendship between the PRC and the two countries, and will promote the development of the municipality's export-oriented economy.

Seeing the municipal delegation off at the Tianjin airport were leading comrades of the municipal level organs, including Tan Shaowen, Zhang Lichang, Lu Huansheng, Xiao Yuan, and He Guomo; and the relevant responsible comrades of the International Liaison Department under the CPC Central Committee.

Spokesman Urges Release of Fishing Boats

OW0308073991 Beijing XINHUA Domestic Service
in Chinese 0513 GMT 3 Aug 91

[Text] Beijing, 3 Aug (XINHUA)—Recently a reporter of this news agency held an interview with a spokesman for the Ministry of Agriculture in connection with the 21 July fishing dispute in the Taiwan Strait between two fishing boats of Fujian Province—the "Minshiyu 2294" and the "Minshiyu 2295"—and a fishing boat of the Taiwan Province—the "Sanxincal [San Hsin Tsai]".

At first, the spokesman briefed our reporter on the incident. He said: At 1400 on 21 July, when the fishing boats "Minshiyu 2294" and "Minshiyu 2295" from the city of Shishi in Fujian Province were carrying out their normal trawling operations in the traditional fishing grounds of the Taiwan Strait, the fishing boat "Sanxincal" from Gaoxiong [Kaohsiung] County in Taiwan Province passed through the area where the fishing net was spread. This damaged the net of our fishermen. Accordingly, a dispute occurred between the two sides. Since the "Sanxincal" reported to the police that it "had been robbed," the Taiwan military authorities sent a naval vessel to intercept our boats; one of our fishermen was shot and wounded. The "Minshiyu 2294" and the "Minshiyu 2295," with 18 fishermen on board, were forcibly taken to Taizhong [Taichung] Port. It is reported that the Taiwan District [tai di fang 0669 0966 2455] Prosecutor's Office initiated a prosecution of seven of the fishermen on the charge of "piracy," and escorted them to the detention center of the Taizhong Court.

The Ministry of Agriculture spokesman then said: Fujian and Taiwan are geographically adjacent and have close blood relations. Fishermen of the two provinces have constantly operated in the same area and all along have shown concern for each other, as well as helping and saving each other. They have very close compatriotic relations. Fishing disputes between fishermen of the two sides should be solved through consultations that seek truth from facts, as well as on the principle of mutual understanding and accommodation, and of helping and loving each other, so as to safeguard unity between compatriots on the two sides and to treasure the increasingly harmonious atmosphere across the strait. We express strong indignation at the practice of the Taiwan authorities in frequently dispatching warships and planes and in shooting at their compatriots at will. Responsibility for fishing disputes lies on both sides. If the Taiwan authorities use this instance as a beginning example of the way in which they deal with fishing disputes, and if they frame the innocent as pirates whenever a slight dispute occurs, they inevitably will hurt the affectionate feeling between compatriots of the two sides. We hope that the Taiwanese authorities concerned will guarantee our fishermen's personal safety and will prompt the two parties concerned to solve their dispute through proper consultations so that the two fishing boats, "Minshiyu 2294" and "Minshiyu 2295," and the 18 fishermen on board, can come back and be

reunited with their families at an early date. The Red Cross Society of China has decided to send its representatives to Taiwan as soon as possible to see our fishermen detained there.

Talks Proposal Includes Other Parties, Groups

OW0308181491 Beijing Central People's Radio
in Mandarin to Taiwan 0205 GMT 3 Aug 91

[Report on article by Cai Zimin, chairman of the Taiwan Democratic Self-Government League: "Peace Talks Across the Strait Are Feasible"; from the "Rambling Talk on Current Events" program]

[Text] The CPC Central Committee's Taiwan Affairs Office recently made a three-point proposal on promoting relations across the straits and advancing the process of peaceful reunification. First, it calls on authorized personnel on the two sides to hold talks on forging direct links in three areas and conducting two-way exchanges. Second, it urges Kuomintang [KMT] and CPC representatives to hold peace talks with the participation of people having representational status from other political parties and organizations. Third, it exhorts high-ranking KMT and CPC officials to exchange visits to discuss state affairs. This proposal is very practical and sincere. Here are some of my opinions on the second point concerning peace talks across the straits.

Developments in the international situation and relations across the straits in recent years have forced Taiwan people at home and abroad to face the issue of Taiwan's future squarely. No one has been able to avoid the issue. This has been particularly true since the CPC advanced the practical and effective principle of achieving peaceful reunification by practicing two systems in one country. Discussions on Taiwan's future and arguments for reunification or independence are growing in Taiwan. The Taiwan authorities put forward a program for national unification early this year, maintaining that there is only one China and that China should be reunified. As preconditions, however, they also called for recognizing the two sides as equal political entities and for giving Taiwan a niche in the international community.

The concept of so-called equal political entities does not conform to the realities and situations on the two sides of the straits, and is also impractical in the international community. As for the so-called niche in the international community, the CPC and the government of the motherland have never impeded Taiwan's foreign economic and cultural activities. They have only adamantly opposed Taiwan's participation in international activities as a nation, so as to defeat attempts to create two Chinas. However, the Taiwan authorities have bought diplomatic recognition from small countries with money. They recently placed a political advertisement in THE NEW YORK TIMES in the United States, indicating their willingness to accept dual recognition temporarily. This has outraged the public in general, and indicates a tendency among the Taiwan authorities toward creating two Chinas.

While favoring economic and cultural exchanges with Mainland China, the Democratic Progressive Party tends to embrace pragmatic splittism on the issue of Taiwan's future. Forces favoring an independent Taiwan have stirred up trouble and attempted to expand their activities since martial law was lifted, particularly since the Period of General Mobilization during the Period of Communist Rebellion was terminated. This has caused turmoil in Taiwan's political situation. These forces also attempt to lead Taiwan onto a dangerous path. This should be heeded seriously and guarded against.

Under present circumstances, this proposal by the CPC Central Committee's Taiwan Affairs Office is a feasible initiative for solving the issue of peaceful reunification. The CPC has long called for holding peace talks with the KMT on an equal footing in order to solve the issue of national reunification. However, the Taiwan authorities worry deeply about the possibility of being downgraded to a local government whenever cross-strait peace talks are proposed. Hence, they have suggested talks between two equal governments. Government-to-government talks inevitably will lead to talks between two central governments or between a central government and a local one. The former will lead to the existence of two Chinas, which is unacceptable to Mainland China. It also contradicts the principle of one China allegedly upheld by the Taiwan authorities. Although the latter corresponds to historical developments and realities, it is shunned by the Taiwan authorities.

Talks with the KMT as proposed by the CPC are predicated on the fact that the two parties are ruling parties on the two sides, capable of playing decisive roles in formulating their respective policies and principles, and of shouldering the great historic responsibility of national reunification. Talks between the KMT and the CPC on an equal footing can sidestep the sensitive issue of central and local governments, in addition to satisfying the Taiwan authorities' demand for equality. Regarding peace talks between the KMT and the CPC, opposition figures in Taiwan fear that the KMT will betray the Taiwan people in its exclusive talks with the CPC. Judging from previous election returns, at least one-third of the KMT's current political power is held by the opposition. These opposition figures suspect that there is a motive behind the KMT's desire to hold exclusive talks with the CPC.

Mainland China now has called on people with representational status from other political parties and organizations on the two sides to participate in contacts and

talks between KMT and CPC representatives so that they can reflect their aspirations and demands and can protect their own interests in the talks. The CPC's proposal shows respect for other political parties and organizations in Taiwan, and reflects the hope that they will play their roles in the cause of peaceful reunification. The proposal for peace talks made by the CPC Central Committee's Taiwan Affairs Office is practical, reasonable, and feasible because it takes into account the interests of various sectors in Taiwan.

Currently, more and more people from all walks of life on the two sides of the straits are conducting exchanges and forging contacts through various channels. They favor early peace talks between the KMT and the CPC. It is reported that there is no lack of members on Taiwan's National Unification Council who favor party-to-party talks. The stage is set for KMT and CPC representatives to hold peace talks with the participation of representatives from other political parties and organizations. It is hoped that enlightened people in Taiwan will assess the needs of the times and the situation, and will actively prod the Taiwan authorities to go along with the trend and with popular aspirations by sitting down at the conference table at the earliest possible date and by making concerted efforts to achieve the great cause of reunifying the motherland.

Fuzhou Hosts Seminar of Agricultural Experts

OW0308214191 Beijing XINHUA in English
1457 GMT 3 Aug 91

[Text] Fuzhou, August 3 (XINHUA)—More than 50 agricultural experts from Taiwan and the Chinese mainland attended the opening ceremony of a seminar, convened to discuss improving agriculture, which opened here today.

During the four-day meeting, experts from both sides of the Taiwan Straits will discuss and exchange theories and technological data concerning the breeding and cultivation of rice, soybeans, corn, sorghum, oranges, vegetables, sugarcane and asparagus, as well as various kinds of grasses.

Some 48 academic papers will be delivered at the meeting, which is being sponsored by the Fujian Provincial Council for the Promotion of Economic and Cultural Exchanges Between Fujian and Taiwan, and the Scientific and Technological Exchange Center under the provincial Science Association.

MAC Discusses Mainland Request on Fishermen*OW0508090991 Taipei CNA in English 0756 GMT
5 Aug 91*

[Text] Taipei, Aug. 5 (CNA)—The Mainland Affairs Council (MAC) met today to discuss a Mainland Chinese request to send three Red Cross officials and two reporters here to visit the 18 mainland fishermen detained because of a maritime dispute with Taiwan fishermen.

Eleven of the 18 fishermen taken to Taichung, central Taiwan, July 21 will be repatriated Aug. 9 after charges against them for their role in a pirate attack were dropped. Seven others are still being investigated.

The Taiwan Affairs Office of Peking's State Council sent a message to the Straits Exchange Foundation (SEF) Saturday indicating that it will send three Red Cross officials and two reporters here.

The five-man team will try to show the mainland people's concern over the incident and to understand the legal case, according to SEF Deputy Secretary General Chen Jung-chieh.

Ma Ying-chiu, MAC vice chairman, reiterated the government position announced on July 26 that one or two mainland Red Cross officials would be welcome to make a humanitarian visit here but that the Republic of China judicial handling of the case will not be subject to negotiation.

As to the proposed visit here by XINHUA NEWS AGENCY and CHINA NEWS SERVICE reporters, Ma said they must apply to the Government Information Office.

A ranking government official said the government policy of not having "official" contact with the mainland remains firm.

'Peaceful Evolution' Seen as 'Irresistible'*OW0308085391 Taipei CNA in English 0809 GMT
3 Aug 91*

[Text] Taipei, Aug. 3 (CNA)—The force of peaceful evolution in Mainland China is irresistible, Chu Chi-ying, director of the Cultural Affairs Department of the ruling Kuomintang Central Committee, said Friday.

Meeting the press at Changhwa City, central Taiwan, Chu said the politically stable and economically prosperous Taiwan is able to accelerate the evolution.

The so-called "peaceful evolution" is defined by communist Chinese leaders as a social movement manipulated by foreign "hostile forces" to promote the idea of democracy and freedom on the Chinese Mainland.

Chu pointed out that Peking leaders are making great efforts to fight against such a movement.

"They are very nervous about the peaceful evolution, because it touches their most sensitive nerves. They believe that the evolution will directly lead to their demise," Chu said.

He said that in Chinese history severe natural disasters always preceded the downfall of decadent dynasties. The Chinese communist regime is now facing the same situation, because it has failed to provide adequate food, medicines, and other relief supplies to tens of millions of people in central and eastern China hard hit by the worst floods in a century.

The Chinese communist regime has taken measures to restrict the movement of the flood victims, because Peking leaders are aware of the historic lesson that the massive movement of hungry people may cause a revolution against the rulers, Chu pointed out.

Mainland Flood Aid Reportage Criticized*OW0308093591 Taipei CNA in English 0802 GMT
3 Aug 91*

[Text] Taipei, Aug. 3 (CNA)—The PEOPLE'S DAILY [RENMIN RIBAO], the mouthpiece of Communist China, has distorted free Chinese people's intention of making donations to the flood victims in Mainland China.

More than 200 million Mainland Chinese have been hurt by the worst floods in a century in central and eastern China in the past two months. Chinese living in Taiwan, Hong Kong, Macao, and other parts of the free world have donated lots of money, food, medicines, and other commodities as a token of sympathy for their compatriots suffering from the disaster.

However, the PEOPLE'S DAILY Friday carried a commentator's article, saying that the donations are indications of free Chinese people's "high-degree of confidence in the Chinese Communist Party and the people's government."

The article says that the flood victims' ability to remain calm in the great natural disaster is attributable to "the leadership of the Chinese Communist Party."

Observers here said it is open to doubt whether the Peking regime's rhetoric will discourage the free Chinese from making more donations to the flood victims on the mainland.

Taiwan Confirms Purchase of U.S. F-16 Fighters*OW0308120091 Taipei Voice of Free China
in English 0200 GMT 2 Aug 91*

[Text] Deputy Chief of General Staff General Chiang Chung-ling Wednesday confirmed that the ROC [Republic of China] is buying older model F-16 fighter jets from the United States. Although the United States has agreed to sell the older model jets, Chiang said the ROC is still trying to purchase the more advanced C model or D model fighters. Chiang also said [word indistinct] resume in the next few days on the ROC-made Indigenous Defense Fighters, or IDF's.

Hong Kong

Officials Deny PRC Involvement in BCC Case

HK0408032791 Hong Kong MING PAO in Chinese
3 Aug 91 p 2

[Special report: "Hong Kong Secretary for Monetary Affairs Denies Allegation That China Prevented Hong Kong Government From Closing Bank of Credit and Commerce"]

[Text] A former U.S. Senate investigator said: The Chinese Government has prevented the Hong Kong Government from closing the Hong Kong Bank of Credit and Commerce. Immediately afterward, David Nendick, Hong Kong secretary for monetary affairs, issued a statement flatly denying the report. Chen Zhesheng, director of XINHUA Hong Kong Branch Economic Department, also said: "It was absolutely impossible."

At a U.S. Senate hearing, former Senate investigator Jack Blum said: An informed source told me that staff members of the Bank of Credit and Commerce International (BCCI) were involved in arms deals. For instance, they sold North Korean-made Scud missiles to Syria and Chinese-made missiles to Middle Eastern countries.

The UPI (United Press International) quoted Jack Blum as reporting: "The BCCI played such an important part in the arms deals that the Chinese Government prevented the Hong Kong Government from closing the bank."

However, in his statement issued yesterday, David Nendick said the report was entirely unfounded. He believed that typesetters of the news agency or a slip of the tongue on the part of those who provided evidence was to blame for the mistaken report.

David Nendick said: "The bank referred to may be BCCI (overseas) Guangdong branch. The BCCI Hong Kong [BCCHK] branch is a subsidiary institution. It was referred to as BCCHK, without the final 'I.' Again, BCCHK is an independent body, having no connection with BCCI China branch."

He continued: The conditions leading to normal operation on Saturday and closure on Monday have been clearly listed in the report submitted by the Commission of Banking supervisor. He said: I can say with certainty that the report that China was involved in the matter is absolutely untrue.

At the same U.S. Senate hearing, Von Raab, former U.S. general customs supervisor, said: I was so enthusiastic in investigating the BCCI case that I was ordered by U.S. Treasury Secretary Brady to stop the operation in 1989. I later resigned of my own accord.

Von Raab pointed out: For many years the BCCI had succeeded in preventing the U.S. Government from

investigating its case. This was because the bank hired a number of lawyers who were influential in politics. They served the bank.

Liquidators of the BCCI Japan branch indicated that the losses sustained by creditors of the BCCI Japan branch are possibly the most serious among other creditors of the BCCI in the world because the debt of the BCCI Japan branch is disproportionate to its assets.

In addition, according to a REUTER report, Kun Sha [2492 3097], a drug trafficker in the Golden Triangle who is famous all over the world, also has an account with the BCCI. The closure cost him \$300 million.

Depositors Petition Beijing

HK0308035491 Hong Kong SOUTH CHINA
MORNING POST in English 3 Aug 91 pp 1, 2

[By Virginia Maher]

[Text] One hundred major depositors of the Bank of Credit and Commerce (BCC) yesterday unanimously backed a rescue package.

Under the scheme, participating depositors may have to wait seven years to recover their cash.

Three-quarters of their funds would be converted into certificate of deposits or loan stock of the bank, with maturity periods stretching from the end of next year to 1998.

The remaining 25 percent of the outstanding balances would remain as ordinary deposits, available for withdrawal at any time.

The proposal was discussed during a confidential meeting at BCC's Admiralty headquarters yesterday which only admitted depositors with accounts exceeding \$5 million.

It came as the Secretary for Monetary Affairs, Mr David Nendick, categorically denied reports from the United States which said Beijing had intervened to block the closure of BCC in Hong Kong.

"They could well have been referring to the operation in Guangdong Province which is a branch of BCCI (Overseas)," he said.

"What we have in Hong Kong is a subsidiary called Bank of Credit and Commerce Hong Kong Limited.

"It has not got the word 'International' in it and it is a separate entity from the one in China."

A Washington lawyer, Mr Jack Blum, testified on Thursday before a Senate subcommittee that China had attempted to block the closure in Hong Kong.

Yesterday's rescue plan aims to repay small depositors in full and would have the effect of eliminating all depositors of \$1 million and less.

Sixty percent of the outstanding balances, subject to a minimum of \$2.4 billion, would be converted into four equal lots of certificates of deposit, maturing yearly from December 31 next year to end of 1995.

Interest, payable every six months, would be a margin above the Hong Kong Interbank Offered Rate (HIBOR).

The margins range from 0.25 percent for those maturing in 1992 to 0.625 percent for those maturing in 1995.

The proposal also calls for 15 percent of the balances, subject to a minimum of \$600 million being converted, to be in the form of redeemable loan stock with maturity on December 31, 1998 and a coupon every six months.

The coupon rates would be 8.8 percent per annum up to end of 1994, 9.8 percent up to 1996, and 10.8 percent up to maturity.

The loan stock would be callable at the option of the bank at any time three years from the date of issue.

An official announcement about the potential local buyer and the proposal is undergoing "fine tuning" and is expected no later than Tuesday.

Backers of the proposal stressed it was not final and were looking to sign up a majority of depositors before going public and seeking support in principle from other depositors.

They hoped if they could muster 80 to 85 percent of total deposits, the deal could be swung.

Mr Francis Chau, Chairman of the BCC Depositors Committee, described the proposal as "far better than any proposal from the Government, and would look after the small depositors who are really hurting".

The Acting Governor, Sir David Ford, said yesterday: "I think one should not be over optimistic, but there are some offers which are around. And of course, if the liquidator can be satisfied that there is a genuine, good bid for BCC which provides all the necessary safeguards and the guarantees then I'm sure he will be taking a good look at it."

Sir David said that "if there were such a bid, that would be very welcome both from our point of view and obviously from the depositors too".

Last night, more than 300 depositors gathered at Chater Garden before setting off on a candlelight march to the NEW CHINA NEWS AGENCY, where they handed in a petition.

Their aim was to draw the attention of China's leadership to their plight and asked to help bring about an investigation into the matter.

Meanwhile, copies of the Commissioner of Banking's report on the closure of the BCC are now available to depositors and creditors at the official receiver's office.

Macao

Li Hou Interviewed on Macao Basic Law

HK0508103091 Beijing RENMIN RIBAO in Chinese
27 Jul 91 p 4

[By staff reporter Xing Fengbing (6717 7685 3521): "From Hong Kong Basic Law to Macao Basic Law: Interview With Li Hou, Vice Chairman of Drafting Committee for Basic Law of Macao Special Administrative Region"]

[Text] Fifteen months after the promulgation of the Basic Law of the Hong Kong Special Administrative Region [SAR], the Draft Basic Law of the Macao SAR also was published for the solicitation of opinions. In drafting the Hong Kong and Macao Basic Laws, the pleasures and hardships that have been experienced are unforgettable to every participant. Recently, the Seventh General Meeting of the Committee for Drafting the Basic Law of the Macao SAR was held in Beijing. This reporter visited Li Hou, former deputy director of the Hong Kong and Macao Affairs Office under the State Council. He was secretary general of the Drafting Committee for the Basic Law of the Hong Kong SAR and vice chairman of the Drafting Committee for the Basic Law of the Macao SAR. Reviewing the whole course of drafting the two basic laws, he was very much excited and had a great many impressions.

In Line With the Principle of "One Country, Two Systems," the Work of Formulating Hong Kong and Macao Basic Laws Yields Fruitful Results

Our topic of discussion is: "From Hong Kong Basic Law to Macao Basic Law."

On hearing the topic, Li Hou said delightedly: "In line with the principle of 'one country, two systems,' the Sino-British Joint Declaration, and the Sino-Portuguese Joint Declaration, the unprecedented work of formulating Hong Kong and Macao Basic Laws has yielded fruitful results. Last April saw the first anniversary of the adoption and official promulgation of the Hong Kong Basic Law by the National People's Congress [NPC]. This month, the Macao Basic Law also was published for the solicitation of opinions. That is to say, the Macao Basic Law has an embryonic form. This indicates that the drafting work of Macao Basic Law is entering a new stage.

"How will the work of Macao Basic Law be conducted next?" asked the reporter.

The drafting of Macao Basic Law will go on in an orderly way. According to the plan, it will take four months, starting now, to seek opinions from Macao and the mainland extensively, and then collect opinions and proposals from all quarters. After discussion and revision by various special groups and the drafting committee, the draft Macao Basic Law is scheduled to be

submitted to the NPC Standing Committee for deliberation in the first half of next year. It will be published once again for comments, and finally be adopted and officially promulgated by the NPC in March 1993.

Using Experience in Drafting Hong Kong Basic Law as Reference To Expedite Drafting Progress of Macao Basic Law

Neither the Hong Kong nor the Macao Basic Law have any precedent in Chinese history, or even in the world history of legislation. There have been many problems and difficulties. However, the drafting work over more than six years proves that we are entirely capable of accomplishing the glorious mission entrusted to us by history.

Li Hou analyzed the reasons for this, maintaining: First, the drafting work has been carried out all along in line with the principle of "one country, two systems" and the principles and policies of the Chinese Government as stated in the Sino-British and Sino-Portuguese joint declarations, and through these basic laws the state's basic principles and policies toward Hong Kong and Macao have been institutionalized in the form of law; second, although the Hong Kong and mainland members of the drafting committees have come from different social systems, with different social backgrounds and experiences, they still can finally reach a consensus through democratic consultation, the pooling of collective wisdom, and mutual understanding and accommodation; and third, the drafting of the Macao Basic Law has used as reference some experience and practice in drafting Hong Kong Basic Law.

"How did the Macao Basic Law make use of such experience and practice?"

In Li Hou's view: There are many common points between the Hong Kong and Macao Basic Laws. First, they are identical on the major questions of principle. Both the Hong Kong and Macao SARs will implement "one country, two systems," and keep the original system of capitalism intact for 50 years. The two SARs will practise a high degree of autonomy, and will enjoy administrative and legislative powers, as well as powers of independent judiciary and final adjudication. The executive organs, authorities, and legislatures in both regions will be formed by permanent residents of the regions in accordance with the relevant provisions of the basic laws, and so on and so forth. Second, in the principal chapters and clauses pertaining to the relationship between the central authorities and the SARs and to political structure, there are also many questions of a general character. On the question of the relationship between the central authorities and the SARs, there are such issues as the relationship between the Constitution and the basic laws, the suitability and application of national laws in the SARs, the right to interpret the basic laws, and so on. On the question of political structure, there are such issues as the relationship between the

executive organs and the legislature, the selection of the chief executive, the formation of the legislature, and so on.

Li Hou told the reporter: In drafting the Hong Kong Basic Law, a longer time was spent in discussing and arguing about the questions in these chapters and sections of the basic law. Having been fully discussed and consulted, they were eventually agreed upon and formed into clauses. When drafting the Macao Basic Law, the drafting committee fully considered these factors and paid attention to using some practices and mature clauses in Hong Kong Basic Law. In this way, it reduced unnecessary discussions and arguments, raised the efficiency of the drafting work, and quickened the drafting progress.

Proceeding From Actual Condition of Macao in Working Out Corresponding Stipulations To Ensure Smooth Transition

Li Hou said: "In drafting the Macao Basic Law, we used the experience of the Hong Kong Basic Law for reference, but we have not copied it word for word indiscriminately. In the drafting process, we also have paid attention to studying the differences between Macao and Hong Kong, and in light of Macao's characteristics, have made corresponding stipulations in the Macao Basic Law.

"What are the differences between Macao and Hong Kong, and what stipulations have you made?"

Li Hou cited a few questions to illustrate:

1. The question on the rights and interests of the residents who are descendants of the Portuguese. It is said that there are more than 10,000 such people living in Macao, accounting for 3 percent of the total population. Many of them are employed in the Macao Government. In line with these conditions, Article 42 of the Macao Basic Law provides: "The interests of Macao residents of Portuguese origin are protected by the Macao SAR in accordance with laws, and their customs and cultural traditions should be respected." In other clauses, it is also provided that the legislative council may be formed with not more than 20 percent of councillors of foreign origin, and that foreign public servants employed in the Macao Government may retain their posts when the SAR is established. All this reflects the policy to take care of residents who are descendants of the Portuguese.

2. The question of the chief executive and principal officials of the SAR having no right of abode in foreign countries. Considering that the situation in Macao is not exactly the same as it is in Hong Kong, we stipulate in the Macao Basic Law only that "the chief executive is not allowed to have a right of abode in a foreign country during his tenure of office." This is different from the situation in Hong Kong. Not having the right of abode in foreign countries is not a condition to participate in an election, but is an obligation that he should abide by after being elected. For the principal officials, chairman

of the legislative council, chief justice of the court of final appeal, and chief procurator, it is stipulated only that "when taking office, they must take an oath to be loyal to the People's Republic of China." Thus, the actual conditions have been considered, and the state's special policies toward Macao have been reflected.

3. The question on Macao's tourism and entertainment industry. In light of the fact that tourism and the entertainment industry are a main source of Macao's financial revenue, Article 119 of Macao's Basic Law provides: "The Macao SAR itself will formulate policies toward the tourism and entertainment industries in line with local interests as a whole." Such a provision is beneficial to the existence and development of Macao's tourism and entertainment industry, and helps ensure Macao's economic stability and prosperity.

As a principal official from the mainland participating in the work of drafting the Hong Kong and Macao Basic Laws, Li Hou is full of confidence in the future. He said: Since its promulgation, the Hong Kong Basic Law has entered a stage of publicity and popularization, and now that the Macao Basic Law has been published, it certainly will be revised to become even better. Drafting and formulating the Hong Kong and Macao Basic Laws was a process of understanding the principle of "one country, two systems" and the state's basic principles and policies toward Hong Kong and Macao by the people of the whole country, including the Hong Kong and Macao compatriots. He believes that with the passage of time, more and more people will realize and understand the necessity and the profound, far-reaching significance of formulating the Hong Kong and Macao Basic Laws.

Drop in Number of Illegal Immigrants Returned

HK0508033291 Hong Kong HONGKONG STANDARD
in English 5 Aug 91 p 4

[By Harold Bruning in Macao]

[Text] The number of illegal immigrants sent back from Macao to China dropped massively in the first half of the year.

With living standards in neighbouring Zhuhai on the increase and rumours of work available for Hong Kong's airport project, the job of Macao's police force patrolling its land border is becoming easier.

Macao police statistics released over the weekend show a 62 per cent drop in the number of illegal immigrants sent back to China during the first six months of the year compared with last year.

From January through June, a total of 2,915 illegal immigrants were expelled from Macao back to adjacent Zhuhai, as against 7,636 Chinese who walked back through the Portas do Cerco land crossing for the same period in 1990.

The busiest month was March when 643 "clandestines" were sent back to China.

Police sources said the high figure in March was due to amnesty rumours on the occasion of the swearing-in of Portuguese President Mario Soares for his second five-year term, while the lowest figure in February was due to foggy and generally adverse weather conditions that made it difficult for illegals to cross.

Macao Public Security Police sources claimed the drastic drop in the number of repatriations was mainly due to tough anti-illegal immigration legislation finally "biting".

The law against clandestine immigration was enacted in May last year, providing for obligatory prison terms of up to eight years in case of aggravating circumstances for people hiding or employing illegal immigrants, and for professional snakeheads.

However, unlike Hong Kong, illegal immigrants caught by the police are not punished by the local District Court but merely sent back to China after finger-printing and registration of personal details.

Informed sources in Macao said that apart from the tough anti-illegal immigration law, there were two additional reasons for the drop.

Firstly, potential illegal immigrants from the Pearl River heard false rumours spread by snakeheads to try their luck in Hong Kong instead of in Macao because of Hong Kong's massive airport development and other major projects.

The sources pointed out that Macao's airport project was being built by local and imported contract workers, "and compared to Hong Kong it is a mini-project".

In fact, Hong Kong government figures show that since the announcement of the Chek Lap Kok airport agreement on July 4, there has also been a drop recently in illegals entering the territory.

The latest figures available from July 4 to August 2 show that 1,908 immigrants were returned, as opposed to 3,182 for the same period last year.

The other reason for the drop cited by the informed sources was the enclave's appalling living conditions and low wages for illegal immigrants.

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